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Debt

Yanis VaroufakisâEuros"s Account of the Greek Crisis: a Self-Incrimination Pt 2

- Features - Economic and debt crisis -

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The Varoufakis-Tsipras Line was Doomed to Fail from the Word âEurosÜGoâEuros"

Disclaimer: This series of articles on Varoufakis's book, *Adults in The Room: My Battle With Europe's Deep Establishment* is a guide for left-leaning readers who are not happy with the dominant narrative meted out by the mainstream media and the Troika-controlled governments. This is also a guide for readers who are dissatisfied with the former Finance MinisterâEuros"s version. As a counterpoint to Varoufakis's story, I have highlighted events that he is silent about and I have expressed different views on what he should have done and what he did instead. My story runs parallel, and not opposite, to his. [1]

It is crucial to thoroughly analyse the policy implemented by the Varoufakis-Tsipras government because, for the first time in the 21st century, a radical left-wing government was elected in Europe. If we want to avoid another disaster, it is absolutely vital to identify the flaws and understand what went wrong.

This critique of the Greek governmentâEuros"s policy in 2015 is not primarily meant to point out the respective responsibilities of Tsipras or Varoufakis as individuals. It is imperative to analyse the politico-economic orientation that was followed, so that we can ascertain the causes of failure, understand what could have been tried instead, and learn what a radical left-wing government can do in a country in the periphery of the Eurozone.

This section will take a look at the Tsipras governmentâEuros"s early days, during which Yanis Varoufakis pursued his negotiation tactics with the European creditors. We will find out that this strategy was ill-fated because Varoufakis was committed to avoiding a confrontation with the ECB, which was bent on smothering Greece starting from February 4. His position on key issues such as debt went against SyrizaâEuros"s programme, but that was not enough to earn it the support of European policymakers, who refused to make concessions to a government which was too radical in their eyes.

The early phase of the new Tsipras government

> The Troika was going to financially asphyxiate the upcoming government led by Syriza

Varoufakis says that during the electoral campaignâEuros"s last phase, Alexis Tsipras received a message from JÃ¶rg Asmussen, [2] an adviser to the leaders of the SPD, a member of the coalition government led by Angela Merkel. Asmussen offered to help a prospective Syriza government in the forthcoming negotiations with the European institutions. He suggested extending the current Memorandum so that the government could buy some time to continue the reforms stipulated by the Troika before signing a new deal.

JÃ¶rg Asmussen recommended a collaboration between the Tsipras team and Thomas Wieser (Austrian Social Democrat), who was (and still is) a key player in the Eurogroup and was seen as a potential ally of the Greek government during its upcoming negotiations. A written note from Thomas Wieser was attached to Jorg AsmussenâEuros"s email. It informed Tsipras and Varoufakis as to what Wieser believed, namely that the ECB had no plans to pay what it owed Greece âEuros" that is, reimbursement of profits the Bank made on the Greek securities it held. This contradicted the ECBâEuros"s assurances of 2012. [3] The amount owed but never remitted to Greece was nearly â ¬2 billion, which is a considerable sum for such a small country. This was equivalent to the estimated cost of implementing the humanitarian measures Syriza had promised (see Text Box: Excerpts from the Thessaloniki Programme). Unofficially, they also came to know that the Troika was not going to disburse the sums pledged in the second Memorandum, which expired on February 28, 2015. The IMF and EFSF were supposed to make these payments before the MemorandumâEuros"s deadline. [4] Thus, the warning was loud and clear: the Troika was going to financially asphyxiate the upcoming government led by Syriza.

In this document received before the elections, Thomas Wieser indicated that the opportunity to extend the second Memorandum for an indefinite period must be seized.

In his reply, Varoufakis insisted that the ECB must pay what it owed to Greece âEuros" that is, the profits it had made from the Greek securities it held.

At the same time, Varoufakis agreed that the prospect of extending the Memorandum beyond February 28 was crucial.

Then everything happened very fast. Syriza swept the January 25 elections and the Syriza âEuros" ANEL government took office on January 27.

Varoufakis does not bother to describe how the government was composed. He highlights a few issues that concern him directly. He indicates that his first hurdle concerned Alexis Tsipras. Varoufakis wanted his allies, Euclid Tsakalotos [5] and George Stathakis, [6] to hold posts *âEurosoein a ministry linked to economic policy,âEuros* but Tsipras had decided to appoint Panagiotis Lafazanis to one of those two posts. Lafazanis, one of the main leaders of the Left Platform within Syriza, supported the unilateral suspension of debt repayments and held a *âEurosoepro-Grexit position.âEuros* Varoufakis writes: *âEurosoeAlexis had appointed Panayiotis Lafazanis to the ministry (of Productive Reconstruction). This was terrible.âEuros* Then he continues: *âEurosoeWith Lafazanis in one of the key ministries, and with Euclid âEuros" who agreed with our covenant âEuros" outside the cabinet, my negotiation strategy was in jeopardy.âEuros* [7] According to Varoufakis, Tsipras refused to dismiss Lafazanis, arguing: *âEurosoeI need Lafazanis inside the cabinet and in an economic ministry to prevent him from pissing in from the outside. If I strip him of it now, on the night before our swearing-in, he will turn even more against me than he already is. The Left Platform will be up in arms.âEuros* [8]

Let me remind you that Lafazanis opposed the capitulation of July 2015, resigned as minister, voted against the third Memorandum as an MP, and left Syriza with around twenty MPs and many activists to form Popular Unity, a new political party.

Finally, Varoufakis convinced Tsipras to appoint Tsakalotos as Alternate Minister in charge of economic matters within the Ministry of Foreign Affairs, so that he could participate in all the negotiations with the policymakers and be on all the trips to Brussels.

This brings us to what he calls the *âEurosoewar cabinetâEuros* (apparently, Tsipras and others who were part of it also used the same term), that is to say the circle of ministers and officials directly involved in TsiprasâEuros"s strategy. Varoufakis says the following regarding the war cabinet: *âEurosoeWhen its members were in Greece, rather than in Brussels or elsewhere, the war cabinet met daily. It comprised Alexis, Deputy Prime Minister Dragasakis, AlexisâEuros"s alter ego Nikos Pappas, myself, Euclid and Sagias, the cabinet secretary. Often we were joined by Chouliarakis, chair of the Council of Economic Advisers, Stathakis, the economy minister, and Gabriel*

Sakellaridis, the governmentâEuros"s spokesperson.âEuros [9]

VaroufakisâEuros"s first days as minister

Varoufakis explains that in his first three days in office he buckled down to organizing his ministry, putting his team of collaborators to work, estimating the liquidity available to the government for servicing the debt and running the State apparatus (payment of pensions and civil servantsâEuros" salaries etc.) He was told that it would take âEurosoeAnything between eleven days and five weeksâEuros to settle the last issue.

Varoufakis also explains that the Troika had already debilitated his ministry immensely: three areas under his jurisdiction were partially off-limits to the minister âEuros" the department in charge of the recapitalization of private banks (the Hellenic Financial Stability Fund or HFSF), the department responsible for privatization (the Hellenic Republic Asset Development Fund or HRADF), and the administration for tax collections, headed by a CEO from the private sector.

Varoufakis realized on 30 January that Dragasakis and Tsipras had decided to further deplete his ministry by withdrawing his jurisdiction over the banks. While Tsipras, Pappas and Dragasakis accepted his proposal of asking the European creditors to take over the Greek banks, [10] he says, Varoufakis admits in his book that this project was abandoned from the beginning of his tenure. This is his story:

âEurosoeThe last item on our agenda that night was GreeceâEuros"s banks. I asked for ideas on how to approach the impending confrontation when I put my proposal for âEurosÜeuropeanizingâEuros" them to the EU. Wassily (Kafouros) [11] interrupted me in typical fashion:

> *âEurosÜThe horses have bolted, Yani,âEuros" he said, showing me a decree that had arrived that evening from the deputy prime ministerâEuros"s office, fully authorized by the cabinet secretary. It stipulated that jurisdiction over all matters pertaining to the banks had been moved from the Ministry of Finance to the office of the deputy prime minister.*
>
> *âEurosÜDonâEuros"t tell me I didnâEuros"t tell you so,âEuros" said Wassily. âEurosÜDragasakis has taken his banker friends under his wing to protect them from the likes of you.âEuros"*

Fearing that Wassily might be right, I still had no choice but to give Dragasakis the benefit of the doubt.âEuros [12]

As I have shown very clearly in the first part of this series , this proposal to hand over the banks to the European creditors went against the Greek peopleâEuros"s interests. This was one of VaroufakisâEuros"s six *sine qua non* conditions for agreeing to become finance minister. It is extraordinary that he gave it up in the very first days of his ministry.

This was only the beginning of a long series of broken promises.

Varoufakis explains that he embarked on various significant projects along with his team. Some are extremely interesting: *âEurosoedeveloping the parallel payments systemâEuros* in case of conflicts with the creditors; the campaign against the previous governmentâEuros"s decision to promote gambling for increasing public revenues; certain measures to counter widespread tax evasion, etc.

Other projects were more than dubious, or even downright unacceptable. Particularly one such was a tax amnesty project. Varoufakis describes it as follows: *âEurosoeI would announce that for the next fortnight a new portal would be open on the ministryâEuros"s website on which anyone could register any previously undeclared income for the period 2010-2014. Only 15 per cent of this sum would be required in tax arrears, payable via web banking or debit card. In return for payment, the taxpayer would receive an electronic receipt guaranteeing immunity from prosecution for previous non-disclosure.âEuros* [13]

Or another quite suspicious initiative:
âEurosoeCatching hundreds of thousands of tax cheats and shocking Greek society out of its tax-evading ways.âEuros [14]

The radical image of Varoufakis

On January 30 in Athens, Varoufakis held his first meeting with Jeroen Dijsselbloem, the Dutch "social-democratic" minister who was then the President of the Eurogroup. A press conference followed and it was largely instrumental in presenting an immensely radical image of Varoufakis to the public eye, nationwide and abroad. TV channels from all over the world telecast the clash between Varoufakis and Dijsselbloem. Varoufakis defied an arrogant Dijsselbloem, who was obviously rude to a minister he had come to meet.

The mainstream media attacked Varoufakis, but the Troika officials as well as the foreign dignitaries behaved like bullies who could not bear those signs of resistance while Varoufakis seemingly symbolized a nonconformist government resisting the injustice of the powerful. [15]

Varoufakis and the Syriza governmentâEuros"s programme

The Thessaloniki Programme, presented in September 2014, promised to terminate the second Memorandum and introduce a national reconstruction plan instead, abolish most of the public debt, discontinue the austerity measures, reinstate the Greek peopleâEuros"s social rights, restore wages and pensions to where they were before the first Memorandum of 2010, end privatization, nationalize the banks, establish a public development bank, reduce the private debts of low-income households towards the State and the private banks, create 300,000 jobs, and revive democracy (*see Text Box:* ***Excerpts from the Thessaloniki Programme***).

Varoufakis was opposed to this programme and makes no bones about it in his book. His take on September 2014 is as follows: *âEurosoeâEuros¦Alexis had delivered a major speech in Thessaloniki outlining SyrizaâEuros"s economic platform. Gobsmacked, I got hold of the text and read it. A wave of nausea and indignation permeated my gut. Straight away I went to work. The article that emerged less than half an hour later was used soon after its publication by Prime Minister Samaras to lambast Syriza in parliament: âEurosÜEven Varoufakis, your economic guru, says that your promises are fake.âEuros" And so they were (âEuros¦..) It was in fact such a ramshackle programme that I did not even bother to criticize it point by point.âEuros* [16]

He claims to have accepted the ministerial post on condition that six economic proposals would be implemented on a priority basis. Let us take a look at those measures once again. [17] âEurosoe*Debt restructuring comes first*âEuros (authorâEuros"s note: without reducing the debt stock, while the Thessaloniki Programme promised to write off most of the *âEurosoepublic debtâEuros"s nominal valueâEuros*). *âEurosoeSecond, a primary surplus of no more than 1.5 per cent of national income and no new austerity measures. Third, wide-ranging reductions in sales and business tax rates. Fourth, strategic privatizations under conditions that preserve labour rights and boost investment. Fifth, the* *creation of a development bank that would use remaining public assets as collateral to generate a domestic investment drive, and whose dividends would be channelled into public pension funds. Sixth, a policy of transferring bank shares and management to the European Union (...)âEuros* [18]

Of these six priorities, only the second and fifth corresponded to the Thessaloniki Programme, but these were abandoned after the agreement of February 20, 2015 (see below).

Excerpts from the Thessaloniki Programme
presented by Alexis Tsipras on September 13, 2014 [19]

" (...) We demand a strong mandate, supported by a large parliamentary majority and an extensive social consensus, so that a negotiation that best protects the interests of our people in Europe can be tabled. We immediately demand a popular verdict and a negotiation mandate that can *âEurosoe**write-off the greater part of the public debtâEuros"s nominal value*** and ensure its viability.âEuros [20]

*âEurosoe What happened for Germany in 1953 [21]*âEuros¦can also happen for the South of Europe and Greece. We demand (...) to:

- Include a âEurosÜgrowth clauseâEuros" in the repayment of the remaining part (âEuros¦.)
- Include a significant grace period **(âEurosÜmoratoriumâEuros") in debt servicing** to save funds for growth
- Exclude public investment from the restrictions of the Stability and Growth Pact.âEuros [22]

(...)
We also declare, loud and clear, that **we still demand reimbursement of the loan that the Nazi occupation forces imposed on Greece.** [23]
(...)

âEurosoeWe assume responsibility and are accordingly committed to the Greek people for a National Reconstruction Plan [24] that will replace the Memorandum as early as our first days in power, before and regardless of the negotiation outcome.

The National Reconstruction Plan focuses on four major pillars to reverse the social and economic disintegration, to reconstruct the economy and exit from the crisis.

- **Confronting the humanitarian crisis** [25]
- **Reviving the economy (âEuros¦)**
- **Combatting unemployment and improving the labour market situation**
- **Transforming the political system to strengthen democracyâEuros**

A.âEurosoeFirst Pillar: Confronting the humanitarian crisisâEuros
âEurosoeOur program to immediately confront the humanitarian crisis, **with an estimated cost around â ¬2 billion**, amounts to a comprehensive grid of emergency interventions, so as to raise a shield of protection for the most vulnerable social strata.âEuros

- âEurosoeFree electricity to 300.000 households currently under the poverty line up toâEuros¦3,600 kWh per year [26].âEuros (âEuros¦)
- âEurosoeProgramme of meal subsidies to 300.000 families without income.âEuros [27](...)
- âEurosoeFree medical and pharmaceutical care for the uninsured unemployed.âEuros [28] (...)
- âEurosoeProgramme of housing guarantee.âEuros The project will restore old houses and abandoned hotels so that the provision of 25,000 new houses with subsidized rents can be ensured in the first phase. [29]
- Measures for small pensioners. [30] We have already pledged to restore small pensions in phases. We are also committing today to reinstate the âEurosoe13th pension, to 1,262,920 pensioners with a pension up to â ¬700.âEuros This measure will take place progressively and, depending on the economic situation, will be available to all retired persons and all salaried employees.
- Reduced public transportation cost. [31]
  (...)

B.âEurosoeSecond Pillar: Restarting the economy

The second pillar is centered on measures to restart the economy.âEuros Priority will be given to discontinuing the current fiscal policy which is being pursued despite its harmful effects on the real economy, [32] to implementing a new *seisachtheia*, [33] and to *âEurosoeinjecting liquidity and enhancing demand.âEuros*

Our economy is abysmal today. *âEurosoeExcessive taxation on the middle class as well as on those who do not tax-evade has entrapped a great part of citizens in a situation which directly threatens their employment status, their private property, no matter how small, and even their physical existence, as proved by the unprecedented number in suicides.âEuros* The labourers, the farmers [34], the wage-earners, the small and medium entrepreneurs, in short the very body of the real economy is plagued by taxes which it is powerless to resist. Soon they will have to face a new pandemic: banks will seize their private properties since it is difficult for them to repay the loans they contracted before the crisis, before their jobs were gone, before the assault on their income and the shutdown of their businesses.

The government's obstinate decision to overburden the impoverished with additional charges is bound to lead to a deadlock, simply because we cannot get anything from someone who has nothing to give. A look at the arrears, officially documented but not collected by the State, is enough to realise how twisted the policy is: the sum is currently about â ¬ 68 billion. [35]

With every passing month, the amount goes up by â ¬1 billion.

(...)

1. Measures for immediately *âEurosoealleviating tax suppression on the real economyâEuros*

âEurosoeThe immediate ***cease*** of prosecution as well as of confiscation of bank accounts, primary residence, salaries, etc. and the issuance of tax clearance certificate to all those included in the settlement process.âEuros

(...)

With these steps, not only do we hope to offer respite to the suffering people who form the backbone of the economy, but also boost the real economy by freeing it from the tentacles of the taxes and surcharges that are totally unproductive because not collectible.

When the debts and the down-payments are regularized, necessary funds for tax relief and an equitable burden-sharing will be our immediate rewards.

Moreover, as part of the measures to revive the economy we are announcing an immediate repeal of the new property tax.

2. *âEurosoeImmediate abolition of the current unified property tax (ENFIA)âEuros* because it symbolises the social injustice meted out by the Samaras government's economic policy.*(...)* The ENFIA cannot be rectified or improved - it can only be repealed. [36]

In its place:

- We will introduce a socially fair Large Property Tax (FMAP) and no one will be taxed on imputed income.
- The tax calculation for seized property will be immediately raised from 30% to 35%.
- *âEurosoeThat tax will be progressive with a high tax-free threshold.âEuros*
- *âEurosoeWith the exception of luxurious homes, it will not apply on primary residence.âEuros*
  (...)

3. *âEurosoeRestitution of the â ¬12,000 annual income tax thresholdâEuros* [37]
(...)

4. We shall launch a **âEurosoenew *Seisachtheia***âEuros (debt relief programme)
It will apply to bad debts (non-performing loans i.e. debts not serviced for three months or more), also called âEurosoeRedâEuros because their partial write-off is an essential prerequisite for stabilizing the bank portfolios, for reinstating liquidity, and for the economic regeneration. *âEurosoeThis new relief legislation will include the case-by-case partial write-off of debt incurred by people who now are under the poverty line.âEuros* [38]
(âEuros¦)

5.*âEurosoeWe are setting up a public intermediary organization for the handling of private debt.âEuros*
(...)

Obviously, this will foil the confiscation of citizens' property and the control wielded over the private sector on the pretext of debt.

âEurosoeIn the next days, SYRIZA will table a law proposal to extend ad infinitum the suspension of foreclosures on primary residences, valued less than â ¬300,000.âEuros âEurosoeThe law proposal will also include the prohibition to sell or transfer the rights over loans and over land charges to secure the loans to non-bank financial institutions or companies.âEuros In short, we will not allow the international vulture funds to speculate on foreclosed homes. [39]

Dear Friends,
I said it last year, here at the same podium, and I am repeating it this year: the key to salvaging the economy is the financial system.
With a Syriza government, the public sector will regain its control over the Hellenic Financial Stability Fund (HFSF) and it will have rights over recapitalized banks. [40] This means that the public sector will now decide how the banks are run.

At the same time, we are taking steps to ensure liquidity in the real economy. These include the *âEurosoe **establishment of a public development bank as well as of special-purpose banks.***âEuros

6. Setting up a development bank and special-purpose banks. **The new model of the banking system will include, in addition to the phased recapitalization of banks, specific cooperative banks and a public development bank.**

That's why we're going to create a development bank [41] and special-purpose banks for financing SMEs and farmers, and for providing necessary liquidity so that dynamic professional teams can be built, who, in their turn, will give their best to growth and economic regeneration.

7. Restoration of the minimum wage to â ¬751.
We will increase the minimum wage to â ¬ 751 for all workers, irrespective of age. [42]

Our econometric model echoes the conclusions of the INE-GSEE (the Labour Institute of the General Confederation of Greek Workers): growth is not hampered by the cost of restoring minimum wage, on the contrary, such a restoration is beneficial.

(...)

Dear friends,
The third pillar of the National Recovery Plan presented to you today has been tailored to our great national goal: to provide jobs to all, to restore hope and prospects to our young people who have been emigrating in hordes, but it is their strength that we need to reconstruct our country.

C. Third Pillar: National plan to regain employmentâEuros
1. Restoration of labour legislation

- *âEurosoeRestitution of the institutional framework to protect employment rights that was demolished by the Memoranda governments,âEuros* along with the minimum wage. *âEurosoeRestitution of the so-called âEurosÜafter-effectâEuros" of collective agreements; of the collective agreements themselves as well as of arbitration.âEuros* [43]
 (âEuros¦)
- *âEurosoeAbolition of all regulations allowing for massive and unjustifiable layoffs as well as for renting employees.âEuros*

2. *âEurosoeA net increase in jobs by 300 000 in all sectors of the economy âEuros" private, public, socialâEuros* [44]
(...)

3. *âEurosoeOur plan wouldâEuros¦.expand unemployment insurance to more beneficiariesâEuros*
(...)

D. Fourth Pillar: Transforming the political system to deepen democracyâEuros

- (...) We shall progressively empower the regional authorities and reinforce their active participation in the nationâEuros"s economic regeneration.
 Thus, they will benefit not only from low-interest loans, but also from the bonds that the proposed development bank would issue for financing interventions. [45]
- We shall *âEurosoeempower the institutions of representative democracy andâEuros¦ introduce new institutions of direct democracyâEuros* in the political system, such as *âEurosoepeopleâEuros"s legislative initiative, peopleâEuros"s veto and peopleâEuros"s initiative to call a referendum.âEuros* We shall empower both the legislative and executive functions of the Parliament, [46] strictly execute the *âEurosoecurtailment of parliamentary immunityâEuros* and *âEurosoerepealâEuros¦ the peculiar legal regime of MPsâEuros" non-prosecutionâEuros* in terms of criminal liability that institutionalizes a *âEurosoevicious deviation from the principles of a democratic society.âEuros*
- We shall redefine the operating charters of all mass communication media that disseminate information, and implement the *âEurosoeRegulation of the radio/television landscape by observing all legal preconditions and adhering to strict financial, tax, and social-security criteria.âEuros* (âEuros¦) We shall reinforce the regional media. We shall create a genuine, democratic, pluralistic and high-quality public television channel, by reopening âEurosoethe ERT (Public Radio and Television) on a zero basis.âEuros [47]

Dear friends,
We do not make promises. We commit ourselves.
(...) We have already chalked out a roadmap for six months to combat this cancer. To start with, it will be prompt and more vigilant in monitoring intra-group transactions, âEurosoeLagarde lists,âEuros Liechtenstein, remittances, offshore companies and overseas real estate.

The long period of an appalling and perplexing inaction from the current government will come to end with the launch of a special service made up of experts and equipped with suitable technological support. [48]

The revenues likely to be generated from crackdowns on tax evasion and smuggling have sometimes been greatly overestimated. Our modest guess is that our action plan will bring at least â ¬3 billion euros to the state coffers in the first year.

âEurosoeRegarding the starting capital of the public intermediary organization and the cost of the establishment of a public development bank as well as of special-purpose banks, totaling â ¬3 billion, we will finance it from the so-called âEurosÜcomfort pillowâEuros" of the, around, â ¬11 billion of the Hellenic Financial Stability Fund intended for the banking system (...)âEuros [49]
(...)"

The proposals Varoufakis made to the Troika

Contrary to the caricature presented in the dominant media and by the governments of the creditor countries, Varoufakis, as chief negotiator, made very moderate propositions to the Troika which were a setback, or even in contradiction with the Thessaloniki Programme. He assured the âEurosoeAdultsâEuros that the Greek government was not asking for a reduction of the debt. He suggested that the different forms of debts held by the Troika be exchanged for new issues over a longer period, thus reducing the annual strain on the Greek budget. He did not dispute the legitimacy or the legality of the debts. This is very serious.

He did not point out the right and the will of the Greek government to conduct an audit of the debt. **In his book there is no mention of the debt audit commission created by the President of the Greek parliament. Not one word.** This certainly was not because this initiative was not known in Greece. On the contrary, it was very well spotlighted. **Varoufakis chose to remain completely silent on the debt commission because it did not enter into his vision of the negotiations.**

He proposed to redraft a part of the ongoing Memorandum in order to prolong it and to adapt certain of the measures it proposed. He repeatedly affirmed that 70% of them were acceptable. He added that many measures that could be applied were positive but that 30% of the Memorandum should be replaced by measures that would have a neutral effect on the budget. That meant introducing new measures, particularly to ease the humanitarian crisis, which would not increase the deficit that the Samaras government had budgeted because they would generate increased revenues or have the result of reducing spending in certain areas.

Varoufakis confirmed that the government that he represented would not challenge the privatizations that had taken place since 2010, and moreover, more were possible on condition that the price was right and the buyers respected the labour rights.

Varoufakis also confirmed that Greece could not be salvaged unless it remained in the Eurozone. He held back any mention to the opposing negotiators that the Syriza party programme implied that the Greek State would exercise control over the private banks of which it was the majority shareholder.

One of the truly radical elements in VaroufakisâEuros"s discourse is that on several occasions at the start of his period in office he said plainly that the Troika was not democratically legitimate and his government would not collaborate with it. However, when referring to his book it is evident that in practice he accepted the Troika. It only disappeared in words. The only concession the Troika made was to agree to the pretence that it did not exist. Although the Troika played hide and seek it knew how to make its presence felt. Varoufakis shows that the Troika was always present and real at all the key moments of negotiation and of decision taking.

> For 2015 alone the Greek state needed â ¬42.4 billion for its debts

Varoufakis well describes how heavy the debt burden was. He had worked out the needs for repayments for the year 2015: âEurosoe(âEuros¦) *it turned out that for 2015 alone the Greek state needed â ¬42.4 billion just to roll over its debts, the equivalent of 24 per cent of national income. Even if the troika were to disburse all the money specified by the second bailout loan agreement, we would still be â ¬12 billion short. For a country with no capacity to borrow from private investors, empty coffers and a devastated population,* ***meeting these debt repayments meant only one thing: the plunder of what was left in the reserves of pensions funds, municipalities, hospitals and public utilities, while going to the troika cap in hand to borrow huge amounts more, pledging to squeeze our pensioners, municipalities, hospitals and public utilities yet further, all in order to give the money back to the troika. Only a lobotomy could have convinced me that doing this was in our peopleâEuros"s interest***.âEuros [50] Further on he says, recounting his first meeting with the President of the Eurogroup on 30 January in Athens, âEurosoe[âEuros¦] debt repayments for 2015 alone amounted to 45% of all the taxes it hoped to collect.âEuros [51]

> In continuing to repay, the situation could only get worse

The problem is that in accepting, on 20 February, to continue all debt payments according to plan until 30 June 2015 he accepted a situation worse than the hellish one described above because the creditors had not taken on any promise to make the least payment. â ¬7 billion would be needed before the end of June 2015. That sum must be compared with the â ¬2 billion needed by the Thesaloniki Programme to meet humanitarian needs, to the end of 2015. My own figures show that because of debt repayments, no more than â ¬200 million was spent by the Tsipras government between February and June 2015. Quite insufficient.

It was clear that in continuing to repay without the guaranty of receiving fresh money the situation could only get worse. It was just as clear that the second Memorandum had to be followed by a third for the creditors to grant new loans to repay the previous ones.

VaroufakisâEuros"s claim that another outcome was possible was only a fanciful belief that the creditors could be simply persuaded to allow Greece to end the most antisocial of the austerity measures, the shackles of the Memorandum, and to reduce the size of repayments during 2015 (without changing the outstanding capital). This position could not hold water.

VaroufakisâEuros"s negotiating stance

At the meeting on 30 January between Varoufakis and the President of the Euro-group, Jeroen Dijsselbloem, the latter clearly indicated that he was not interested in the mandate that the Greek people had granted to the Tsipras government. He refused to replace the Memorandum with a new agreement and would not even modify the Memorandum as it existed, saying that the European Central Bank could prevent Greek banks from having normal access to liquidities.

In order to change the situation, Varoufakis looked for some support and met the French and Italian leaders (hoping to find support from their so called âEurosoesocialistâEuros governments in loosening the grip of austerity policies) and the British leaders who at the time were seeking to turn their economy around even if that caused a bigger deficit. Then he went to Frankfurt to try to sweet-talk the ECB and finally to Berlin.

Before going a meeting was held with Tsipras, Pappas and Dragasakis. Varoufakis got the green light to not ask for a morally sound debt write-off. In so doing Varoufakis renounced a fundamental argument before international public opinion that could have put the creditors into difficulty on one their weakest points.

Varoufakis recognized that the secret agreement at this meeting was in contradiction with the official Syriza orientation: âEurosoeSyrizaâEuros"s position on public debt had been nothing more than a crude demand for an unqualified write-down. With half the party still demanding a unilateral haircut of most of the debt, most not even privy to the idea of a debt swap, and with only a tenuous, verbal covenant binding the leadership trio to my strategy [...]âEuros [52] Thus Varoufakis rejected the programme on which Syriza had been elected to government and rebuffed the Syriza base.

As from 1st February, a week after Syriza formed its government, Varoufakis began his first tour of Europe as a Minister in the company of Euclid Tsakalotos. On Sunday 1st February the schedule was tight: an official meeting with Michel Sapin, French Minister of Finance, another with Emmanuel Macron, French Minister of the Economy and four unofficial meetings with Poul Thomsen, deputy director of the IMF for European affairs, Pierre Moscovici, European commissioner for economic and monetary affairs, BenoÃ®t CÅ"urÃ©, second in command at the ECB and with Francois HollandeâEuros"s Secretary. On Monday second February he was in London with George Osborne, the Chancellor of the Exchequer (Minister of Finance), after which he gave a talk to two hundred financial actors invited by the Deutsche Bank. The next day Varoufakis went to Rome to meet the Italian Minister of Finance, Pier Carlo Padoan. Finally, on the 4th he had a meeting in Frankfurt with Mario Draghi and the executive council of the ECB.

Varoufakis at each occasion proposed an exchange of debt without reduction or write-down. [53] He made it clear that the Greek government would pay private sector debt on the nail (about 15% of the Greek debt was held by private holdings âEuros" Greek or foreign banks, investment funds or vulture funds, among others).

Varoufakis demonstrates the rampant hypocrisy in the leaders he met. Michel Sapin seems to take the cake for duplicity: behind the scenes he was very encouraging to the proposals to exchange debts and make far-reaching amendments to the Memorandum and show solidarity with the Greek government. Then at the press conference he adopted a completely different position.

In private: *âEurosoe(...)MichelâEuros"s response was that of a brother-in-arms: âEurosÜYour governmentâEuros"s success will be our success. It is important that we change Europe together; that we replace this fixation with austerity with a pro-growth agenda. Greece needs it. France needs it. Europe needs it."*

It was the cue I needed to put forward the basic elements of the Modest Proposal, which Stuart Holland, Jamie

Galbraith and I had been working on for years. I explained how the ECB could partially restructure the whole of the eurozoneâEuros"s public debt without haircuts and without asking Germany to pay for everyone else or guarantee the peripheryâEuros"s public debt. I outlined how investment-led recovery could produce a new deal for Europe by channelling the ECBâEuros"s quantitative easing programme into infrastructure projects or green energy bonds issued by the European Investment Bank. Michel listened intently and, when I had finished, declared that such proposals were the way forward for Europe. We had delayed the implementation of such policies for too long, he said. Together we must restart Europe, he thundered. The only thing that Michel did not do was suggest we join hands and rush out to storm the Bastille singing the Marseillaise!âEuros . [54]

Then at the press conference Sapin adopted a completely different position, saying that the Greek government should respect its obligations to its creditors and that Tsipras should apply the agreements signed by previous governments.

European Commissioner Pierre Moscovici treated Varoufakis like a comrade with whom he was going to change the whole of Europe. [55] Varoufakis quickly realised that Moscovici was not at all acting as one would expect from an ally to the Greek government.

All through the book Varoufakis speaks very highly of Emmanuel Macron, who at the time was the french Minister of Economy.

The first contact with BenoÃ®t CÅ"urÃ©, a Director of the ECB, was very revealing. He came straight to the point âEuros" did the government have, or have not, the intention to restructure unilaterally the Greek government bonds that the ECB owned? Putting the issue in this urgent fashion plainly revealed it was what the ECB feared more than anything else. It was a perfectly feasible option that Varoufakis had mentioned several times before becoming Minister. The values in question had been issued under Greek jurisdiction over the 2010-2011 period. The ECB had bought them at 70% of their value but counted them at 100% while at the same time demanding excessive interest rates. Equivalent values held by Greek pension funds had undergone a âEurosoehaircutâEuros of 53% in March 2012. The ECB had refused that the same measure be applied to the values it held. The Greek government would have had the moral, and indeed the legal, right to take such an action. It will be seen further on that, finally, the Greek government never would take such action on the ECB-held values, even though it should have done so and would have had a very good chance of winning the issue.

> The IMF was continually making declarations to mystify the Greek government and public opinion

Poul Thomsen, on the other hand appeared very favourable to Greece simply writing-off â ¬53 billion owed to fourteen Eurozone countries. Whereas, Varoufakis only talked about a restructuring, Thomsen said: *âEurosoeâEurosÜThis is fine. But it is not enough. We need an immediate annulment of part of your debt. No swaps no delays. Just take â ¬53 billion and erase it.âEuros"*

ThatâEuros"s it, I concluded: I am dreaming! He was talking about eliminating at a stroke the entire debt (...)âEuros [56] The IMF was continually making declarations to mystify the Greek government and public opinion. Telling Varoufakis to âEurosoeeraseâEuros â ¬53 billions of bilateral debt to Eurozone countries cost the IMF nothing. It had no intention of agreeing to a reduction on the Greek values it held itself. It was a diversion that was used several times. Independently of these declarations, the IMF had always heavily insisted that Greece follow brutal neoliberal policies.

In London, before a hall full of bankers and investment fund directors Varoufakis sought to reassure them that private

creditors have nothing to fear. He reiterates his false thesis of the 2010 Greek government failure (see details in [VaroufakisâEuros"s questionable account of the origins of the Greek crisis and his surprising relations with the political class]). This comforts them and gives them leave to concentrate on the public debt crisis. He told them:
âEurosoeSecond, I admitted that we had a divided cabinet; that, yes, there were those who wanted Grexit, who were not interested in negotiating with the EU and the IMF, convinced that nothing good would come of it, and who just wanted out. And then there were those of us around the prime minister whose objective was a negotiated solution within the eurozone. But, I added on a positive note, this division would not affect the negotiations, which would be conducted by my core team. Our Grexiteer colleagues would not get in the way but would be patient and give us a chance to demonstrate that a viable agreement was possible. As long as GreeceâEuros"s official creditors, the EU and the IMF, were willing to strike a mutually advantageous agreement, the world of finance had nothing to fear from my Left Platform colleagues in government.âEuros [57]

Several times, Varoufakis tried to convince his hearers that the majority of the government had totally reasonable positions, which should be given support in order to neutralize, within the Syriza government and in the party, what he considered to be an irresponsible extreme-left. He was sure he had convinced the hall: *âEurosoeAs I had remarked to the CityâEuros"s financiers (âEuros¦) it was a measure of the depth of the euro crisis that it took a radical left-wing government to table mainstream liberal proposals for its solution.âEuros* [58]

On the second February Varoufakis dined with two of his important international supporters: the conservative Lord Lamont and the ex-specialist in shock therapy, Jeffrey Sachs. *âEurosoeOver coffee and after-dinner drinks I wondered if maybe my proposals had done the trick. London-based financiers, Tory politicians, influential journalists and former members of the IMF all appeared to see my point.âEuros* [59] He believed he had reassured the markets because the day after his trip to London: âEurosoe*Not only had the stock exchange gone up by 11.2 per cent but, more importantly, shares in GreeceâEuros"s banks had risen by more than 20 per cent*âEuros [60]

While in Rome Varoufakis met the Italian Minister of Finance, who informed him that he softened-up the German government and particularly SchÃ¤uble by pushing through a labour market reform in the face of opposition from the social movements. *âEurosoeThat turned out to be âEurosÜlabour market reformâEuros" âEuros" code for weakening workersâEuros" rights, allowing companies to fire them more easily with little or no compensation and to hire people on lower pay with fewer protections. Once Pier Carlo had passed appropriate legislation through ItalyâEuros"s parliament, at significant political cost to the Renzi government, the German finance minister went easy on him. âEurosÜWhy donâEuros"t you try something similar?âEuros" he suggested. âEurosÜIâEuros"ll think about it,âEuros" I replied. âEurosÜBut thanks for the tip.âEuros"âEuros* [61]

In the end, that is where the strategy that Tsipras and Varoufakis choose together led. The Italian âEurosoesocialistâEuros MinisterâEuros"s words contain profound truth. The reasoning of the European leaders is to inflict the easing of constraining labour legislation and lower wages to render European goods and services competitive in the face of foreign-produced merchandise and services. The conditions inflicted on Greece are part and parcel of this strategy and Varoufakis has refused to understand that or radically oppose it. The enormous Greek debt is a fundamental weapon used by the public creditors to make an example of Greece to drive home what it costs to any people who may resist their power, and of course to strip workers of their rights.

On 4 February 2015, the ECB brings out its top guns on the Greek Government

On 4 February in Frankfurt, Varoufakis met ECB directors: Mario Draghi, its President, and three others âEuros" the Frenchman BenoÃ®t CÅ"urÃ©, the German Sabine LautenschlÃ¤ger and the Belgian Peter Praet. Varoufakis was still accompanied by Euclid Tsakalotos.

Mario Draghi announced that the Board of Directors of the ECB would probably decide, during that afternoon, to cut-off access to liquidities for Greek banks. As Varoufakis says *âEurosoeIt was an explicit, calculated act of aggression.âEuros* [62]

This requires explanation. The ECB provides liquidities to the banks in the Eurozone. To gain access, the banks (whether public or private) must deposit financial securities as guaranties. This is called âEurosoecollateral.âEuros The collateral may be of different types, such as, among others, public debt securities or securities on private corporations. The ECB may consider that the instruments that are deposited are doubtful, either because they lack sufficient guarantees or are low quality. In this case it may block access to further funds. This provokes doubt and a âEurosoerunâEuros on the banks.

The only way out for the banks in difficulty is to get emergency liquidities from the national central bank. This is a costly solution. Should the national central banks do this they must demand a high-risk interest rate. What is more the sums available are limited and evolve weekly. When this happens the national central bankâEuros"s directors meet each Friday to fix the amounts to be made available for the week to come, after analysis of their situation. Again, the ECB must agree and may limit the volume of liquidities that may be made available. Should this happen the government will order banks to shut their doors. Which is what happened at the end of June 2015 when the ECB, in order to influence the 5 July referendum, stopped all emergency liquidities. This forced the Greek government to close the banks as from Monday 29 June. [63]

Not coercion from ECB but direct aggressive action

Back to 4 February 2015. The ECB decision to close Greek banksâEuros" access to funds was clearly a quick and aggressive strategy to destabilize the Greek government. This strategy had been enacted even before the elections took place. In fact, at the end of December 2014, once the Greek government had called snap elections to take place on 25 January 2015, the director of the Greek central bank, Stournaras, one-time friend of Varoufakis, [64] deliberately made announcements aimed at worrying depositors in Greek banks. In coordination with Samaras, Stournaras weighed on the Greek voters, hoping to maintain the outgoing âEurosoeNew DemocracyâEuros conservative government. Consequently, withdrawals began to increase sharply. [65]

SamarasâEuros"s oft repeated campaign themes were: âEurosoeIf you vote Syriza relations with Brussels will be difficult; the ECB will cut liquidities; chaos is just around the corner.âEuros In spite of this coercion Syriza won the election, but Stournaras remained the governor of the Greek central bank âEuros" he is in Greece the plenipotentiary of Mario Draghi and the European leaders opposed to Syriza. [66] He should have been replaced. He was not, and as we shall see further on it was Varoufakis who convinced Tsipras to keep him in place. [67]

So, the ECB decided on 4 February 2015 to immediately apply extreme measures on the Tsipras government. Not moral pressure or coercion from ECB but direct aggressive action, as Varoufakis describes it in the passage cited above.

The effects of such decisions are, in fact, immediate. First, the Greek banks are forced to pay higher rates to have access to liquidities. This weakens their positions. Second, short-term financing for the Greek State becomes much more difficult. This meant that the liquidities granted by the ECB were used to purchase short-term (less than one year) Greek treasury bills. This permitted the Greek government to keep going (Eurozone governments cannot borrow from their own central banks). As the ECB was limiting liquidities, the Greek government had to borrow from Greek banks at much higher interest rates, thus adding to the Greek debt burden.

So, by reducing Greek banksâEuros" liquidities and increasing the cost of financing, the ECB made it more difficult for the Greek treasury to find funds from the Greek banks. [68] At the same time, on the one hand, other private foreign funding was difficult to find, or downright non-existent. On the other hand, as we have seen, the ECB no longer intended to cede to Greece the profits that it had made on its debt (â ¬2 billion should have been reimbursed over 2015). This also was a purely political decision. In 2014 the ECB had made some reimbursements to the Samaras government even though it was behind in applying the second Memorandum. Even before the result of the election of Tsipras was known, emissaries of the Euro group and the ECB made it known that the promised â ¬2 billions would not be paid.

Finally, because the ECB considers that securities lose their value because of the situation of the banks, as well as of the State, deteriorates, this increases withdrawals and further restricts the StateâEuros"s access to funds.

In June 2014, the result had been overvalued in order to justify the ECB helping Greek banks during the period of the Samaras government

There is further proof of the politically aggressive nature of the ECBâEuros"s decision to cut off liquidities to Greek banks. As we have said, the ECB may consider that a countryâEuros"s banks are of such high risk that they should not receive further liquidities and a rescue plan should be applied to them, for example, by injecting fresh capital (which had been done in the framework of different Memorandums). The problem for the ECB is that in June 2014 all the Greek banks had passed the European banking authority stress test. It was clear that the result had been overvalued in order to justify the ECB helping Greek banks during the period of the Samaras government, who had just lost the European elections to Syriza. What is certain is that the banks were in a very bad way, in 2009 as in 2014 and in 2015. The ECB pretended surprise in discovering the real situation just days after the election of Tsipras. This was all purely political manoeuvring.

On the morning of 4 February, how did Varoufakis, who describes the decision of the ECB to restrict normal access to liquidities to Greek banks as a premeditated act of aggression, react to this news? **Very moderately!** Unbelievable!

This is what he said: *âEurosoeI began my reply by expressing my great and genuine respect for the manner in which Draghi had striven from the first day of his presidency to do whatever it took to save the euro while adhering as far as possible to his bankâEuros"s charter and rules. This skilful balancing act was what had bought EuropeâEuros"s politicians the time they needed to get their act together, address the crisis properly, and thus alleviate the impossible circumstances in which the ECB had found itself: responsible for saving the eurozoneâEuros"s failing economies while being prohibited from using the essential means âEuros" ones available to any normal central bank âEuros" of doing so.*

âEurosÜAlas, the politicians did not use the time you bought for us wisely, did they?âEuros" I said. The expression on MarioâEuros"s face conveyed embarrassed agreement. I continued: âEurosÜYou have done a fantastic job in keeping the eurozone together as well as in keeping Greece in the euro, especially in the summer of 2012. What I am here to put to you today is that you continue to do this during the next few months, granting us politicians the time and monetary space necessary to strike a workable deal between Greece and the Eurogroup (âEuros¦)âEuros [69]

Not a word on the brutality of the ECB since 2010, nor on the scandalous profits made by buying Greeks bonds between 2010-2012. ***On the contrary, Varoufakis compliments the Board of the ECB for its âEurosoefantastic job.âEuros*** Then he continues by again proposing to exchange values in order to avoid reducing the value of the Greek bonds held by the ECB.

Draghi refused the proposal and did not allow himself to be cajoled by it. Draghi reproached Varoufakis for having mentioned, several times, a possible unilateral write-down of the ECBâEuros"s Greek bonds (see further up). Varoufakis replied: *âEurosoeI will not even think of it âEuros" as long as you do not close down our banks.âEuros* [70]

How could Draghi interpret that? The only conclusion he could come to was that if that afternoon the decision was taken to close Greek banksâEuros" access to liquidities, without going so far as to actually close them, there would be no great reaction from the Greek government. So it was done! In doing so, this put pressure on the Greek government, started to stifle it and bring it to bay in the hope of extracting concessions.

Another criticism can be made about VaroufakisâEuros"s proposal. Whereas he himself, several times before he became Minister of Finance, had denounced the unacceptable, abusive and highly scandalous nature of the ECB operation on the Greek securities bought during the 2010-2012 period, he proposed to Draghi a âEurosoemoney launderingâEuros operation. These old securities (which are dubious, to say the least) are replaced by new securities that carry the same value (but at lower interest rates). We must realize that by doing so, Varoufakis made it almost impossible to apply a Plan B (which included the unilateral haircut proposal): if the negotiations failed, it would then be difficult to explain to journalists and public opinion that the Greek government has the right to apply a unilateral haircut. Indeed, if Greece was prepared to exchange its debt securities held by the ECB for securities of the same value, why should it then be right for it to apply a discount? Consistency in argumentation is necessary to convince. The government should have told the truth loud and clear about the scandal of Greek securities purchased between 2010 and 2012. That consistency was wanting in VaroufakisâEuros"s reasoning.

Moreover, it is obvious that this proposal by Varoufakis had absolutely no chance of success because it would have set an unacceptable precedent for those in favour of austerity. The problem is not technical: VaroufakisâEuros"s proposal did not raise any real technical problem. The obstacle was and still is political: European leaders are totally opposed to the idea of allowing European states (whether they are in the Euro zone or not) to pool their debts because this would remove a major possibility of pressure for continuing the neoliberal offensive. VaroufakisâEuros"s proposal went completely against the logic of the most recent European treaties. It had no chance of success and the negotiating strategy should not have been based on this fantasy.

The demand included in the Thessaloniki Programme should have been put forward: the cancellation of most of the debt, explaining that it was illegitimate, odious, illegal and unsustainable. Of course, European leaders could not accept this request but the Greek government could develop an international campaign of explanation in order to gain broad public support. It could initiate an audit process and declare a moratorium until the audit was completed.

It was essential not to get caught in the wheel of repayment. It was necessary to use the principle of international law that allows a State to declare a moratorium on payments in view of the state of necessity in which it finds itself. [71] The existence of a humanitarian crisis was the indisputable proof of such a state of necessity. The following reasoning had to be developed: âEurosoeWe are launching an audit (with citizen participation) because what is at stake is finding out why we have reached such a high level of indebtedness âEuros" national and international public opinion must know. We do not anticipate on the results of the audit, but it is only normal for payments to be frozen during an audit. Therefore, we suspend repayments during the audit, except for short-term debt. We were elected to replace the Memorandum with a new reconstruction plan. LetâEuros"s give time to the negotiation process and meanwhile be patient as we suspend scheduled payments on long-term debt.âEuros If it had launched and used an audit process, the Greek Government should have said, in order to strengthen its position vis-Ã -vis the Troika: âEurosoeI am merely enforcing Article 7 (9) of Regulation 472 adopted by the European Parliament on 21 May 2013 requiring EU Member States subject to a structural adjustment plan to carry out a full audit of their debt in order to explain why the debt has reached an unsustainable level and to detect possible irregularities.âEuros

Payment suspension had to be urgently decreed, for instance on 12 February 2015. Indeed, between 12 February and

30 June 2015, Greece was to repay â ¬5 billion to the IMF (see table below :).

Maturity dates of securities held by the IMF

IMF	Feb. 12, 2015	â ¬747,695,915	Loan under the IMFâEuros"s first bailout program for Greece, in 2010
IMF	March 6, 2015	â ¬299,084,589	Loan under the IMFâEuros"s first bailout program for Greece, in 2010
IMF	March 13, 2015	â ¬336,470,163	Loan under the IMFâEuros"s first bailout program for Greece, in 2010
IMF	March 16, 2015	â ¬560,783,604	Loan under the IMFâEuros"s first bailout program for Greece, in 2010
IMF	March 20, 2015	â ¬336,470,163	Loan under the IMFâEuros"s first bailout program for Greece, in 2010
IMF	April 9, 2015	â ¬448,626,883	Loan under the IMFâEuros"s first bailout program for Greece, in 2010
IMF	May 12, 2015	â ¬747,695,915	Loan under the IMFâEuros"s first bailout program for Greece, in 2010
IMF	June 30, 2015	â ¬1,532,808,519	Loan under the IMFâEuros"s first bailout program for Greece, in 2010

Source

If we take into account the other amounts to be paid to the IMF in 2015, an additional â ¬3 billion must be added. The ECB demanded repayment of more than â ¬6.5 billion to be made in July-August 2015.

Maturity dates of securities held by the ECB and EIB (European Investment Bank)

ECB	July 20, 2015	â ¬2,095,880,000	Bonds held by ECB exempted from the 2012 default	3.70%
ECB	July 20, 2015	â ¬1,360,500,000	Bonds held by national central banks exempted from the 2012 default	3.70%
EIB	July 20, 2015	â ¬25,000,000	Bonds held by the European Investment Bank; exempted from the 2012 default	3.70%
ECB	Aug. 20, 2015	â ¬3,020,300,000	Bonds held by ECB exempted from the 2012 default	6.10%
ECB	Aug. 20, 2015	â ¬168,000,000	Bonds held by national central banks exempted from the 2012 default	6.10%

Source

Action also had to be taken regarding banks. As the ECB took the initiative to sharpen the Greek banking crisis, it was necessary to act at this level as well and implement the Thessaloniki Programme which said: *âEurosoeWith Syriza in government, the public sector will take over control of the Hellenic Financial Stability Fund (HFSF) and exercise all its rights over the recapitalised banks. That means that it will make decisions about the way they are run.âEuros* It should be noted that in 2015 the Greek State, through the Hellenic Financial Stability Fund, was the main shareholder of the four largest banks in the country, which accounted for more than 85% of the total Greek banking sector. The problem is that, because of the policies pursued by previous governments, its shares had no real weight in the banksâEuros" decisions because they did not entail the right to vote. It was therefore necessary for the Parliament, in accordance with what Syriza had pledged, to transform the so-called preferential shares held by the public authorities (which do not entail voting rights) into ordinary shares giving the right to vote. Then, in a perfectly normal and legal way, the

State could have exercised its responsibilities and provided a solution to the banking crisis.

Finally, two important steps still had to be taken. Firstly, in order to deal with the banking and financial crisis sharpened by StournarasâEuros"s statements since December and by the ECBâEuros"s decision on 4 February, the government should have decreed a control of capital movements in order to put an end to flight of capital out of the country. Secondly, it should have set up a parallel payment system. Varoufakis claims that he had a concrete proposal in this respect but he did not propose to implement it following the ECBâEuros"s aggression on 4 February.

In the evening of 4 February, after receiving a phone call from Mario Draghi confirming that the granting of normal liquidity had ceased, Varoufakis published a press release which began as follows: *âEurosoeThe ECB is basically trying to abide by its own rules, motivating both us and our partners to reach a political and technical agreement quickly, while keeping the Greek banks liquid.âEuros* [72] He himself characterizes his statement as follows: âEurosoepackaging a shock as a non-event.âEuros [73]

Conclusion

Varoufakis embarked on a process of denial of reality that was to lead him and the narrow circle around Tsipras to enforce a fateful agreement on the rest of the government, Syriza and the Greek people on 20 February 2015, i.e. less than a month after the election victory. Of course, the Troika members are primarily responsible for the destructive content of this agreement and we have consistently denounced them, but Varoufakis-Tsipras could have refused to sign such a dire agreement. In the next article, we will analyse the path followed towards the first surrender to the creditors and specify the alternative path that should have been taken.

Varoufakis-Tsipras move towards the disastrous agreement with the Eurogroup of 20 February 2015

In the days and weeks following the ECBâEuros"s attack on Greece on 4 February 2015, intense negotiations took place culminating in the sinister agreement of 20 February, confirmed on 24 February. The agreement extended the Second Memorandum, that had been rejected by the Greek population, by four months. By signing it, the Alexis Tsipras government committed itself to repaying all creditors on the previously agreed dates âEuros" that is, a total of â ¬ 7 billion between February and the end of June 2015, â ¬ 5 billion of which to the IMFâEuros" and to submit a list of new austerity measures and privatizations to the Eurogroup.

In this sixth part of our series, we observe and analyze events as they unfolded. VaroufakisâEuros"s account of the negotiations with the Eurogroup merits our attention, and I would urge you to read it in full.

On 5 February 2015, Yanis Varoufakis, accompanied by Euclid Tsakalotos, was in Berlin to meet his German counterpart, Wolfgang SchÃ¤uble, [74] on the one hand, and Sigmar Gabriel, Vice-Chancellor and Federal Minister for Economic Affairs and Energy within the grand coalition of Angela MerkelâEuros"s CDU-CSU and the SPD.

VaroufakisâEuros"s meeting with SchÃ¤uble began badly, as the latter refused to shake hands with him. Varoufakis made the following two points: *âEurosoeFirst, I was not asking for a debt write-down, and I made clear that the over-all unity of my debt-swap proposals would benefit Germany as well as Greece. Second, I stressed the importance I placed on catching tax cheats and effecting reforms that would encourage entrepreneurship, creativity and probity across Greek society.âEuros* [75]

Varoufakis explains that things became more relaxed, with SchÃ¤uble suggesting that they use first names. He then offered to send 500 German tax-officials to Greece. *âEurosoeI told him that I very much appreciated his generosity but expressed concern that, finding themselves unable to read Greek tax returns or the associated documentation and therefore incapable of auditing our taxpayers, his officials might become disheartened. I had a better idea: why didnâEuros"t he appoint the general secretary of my ministryâEuros"s tax office?* (p. 211).

Varoufakis writes that he meant this as a perfectly serious proposal. He took the opportunity to tell SchÃ¤uble something that the German minister must already have known: that the tax office of the Greek Ministry of Finance had been placed in private hands. Varoufakis writes: *âEurosoeThe person in charge of it was neither appointed by nor answerable to me or my parliament, even though I was accountable for her actions. My proposal was as follows: he would choose a German tax administrator of unimpeachable credentials and spotless reputation to be appointed immediately and to be fully accountable to both of us, and if he or she required additional support from his ministry, that was fine by me.*âEuros On this matter, the solution proposed by Varoufakis would, had it been adopted, have again meant surrendering sovereignty, this time to the direct benefit of the German government.

SchÃ¤uble's theory was that the âEurosÜovergenerousâEuros" European social model was no longer sustainable and had to be ditched.

However SchÃ¤uble showed no interest and moved on to the topic that was at the heart of his entire strategy and his deeper motivations, that is: *âEurosoehis theory that the âEurosÜovergenerousâEuros" European social model was no longer sustainable and had to be ditched. Comparing the costs to Europe of maintaining welfare states with the situation in places like India or China, where no social safety net exists at all, he argued that Europe was losing competitiveness and would stagnate unless social benefits were curtailed en masse. It was as if he was telling me that a start had to be made somewhere and that that somewhere might as well be Greece.* p. 211-212.

If Varoufakis, Tsakalotos and the ruling circle around Tsipras had taken seriously the message that SchÃ¤uble and his Italian counterpart whom Varoufakis had met in Rome two days earlier had conveyed, they would have understood that the debt-swap proposal stood no chance at all of convincing either the German or any other government of the Eurozone. For all of them, their main objective is increased competitiveness âEuros" to the profit of the major private export companies. [76] They have a big stake in reducing salaries, pensions and social benefits all over Europe, undermining the value of contracts, limiting the right to strike, reducing social expenditure in State budgets, pursuing privatization, and so on. If VaroufakisâEuros"s proposal had been taken up, it would have enabled the Greek government to loosen the noose of debt. But the German government and most others (if not all) of the Eurozone need that noose for the pursuit of their model and the objectives they have set themselves. They also nurse an ardent desire to make SyrizaâEuros"s project fail, in order to show the populations of other countries that there is no point in electing to government forces that claim they can break with austerity and the neoliberal model.

The European leaders can also make use of the single currency, the euro, to undermine the social welfare system. They can use it to impose what is known as internal devaluation, [77] which mainly consists of reducing salaries.

Syriza did not ask its voters for a mandate to leave the Eurozone; however the Tsipras government did have a very clear mandate to take steps to write off most of the public debt. It was therefore crucial that this objective should take priority. Yet Varoufakis and the ruling core around Tsipras immediately decided to work around it or abandon it altogether.

Before the interview was over, Varoufakis took the time to present his arguments in favour of a debt-swap and to hand

SchÃ¤uble the written proposal that he had already put forward in Paris, London, Rome and Frankfurt. Varoufakis claims that SchÃ¤uble did not so much as glance at the document, but merely handed it on to one of his secretaries of State, saying that it was for the Troika âEurosoeinstitutions.âEuros

They finished by giving a press conference together. SchÃ¤uble, excluding any possibility of common ground, declared right away: *âEurosoeWe agreed to disagree.âEuros* (p. 214).

After a light-hearted retort, Varoufakis adopted an ecumenical tone: *âEurosoe[âEuros¦] I visited a European statesman for whom European unity is a lifelong project and whose work and efforts to unify Europe I have been following with great interest since the 1980s.âEuros* Among other things, he said: *âEurosoeOn the challenges facing the EU more generally, I suggested that we respect the established treaties and processes without crushing the delicate bud of democracy.âEuros* (p. 214). How could anyone seriously think that respecting the treaties and procedures of the EU is compatible with the blossoming of the fragile bud of democracy? Indeed throughout the book, Varoufakis demonstrates that the EU stranglehold violates Greek democracy.

On the Greek side it was unwise to invoke the respect of the treaties as this could provide a powerful argument to European leaders to demand that they should be applied in Athens. It was something to avoid at all costs, since the two Memoranda signed by Greece in 2010 and 2012 themselves amounted to international treaties.

Varoufakis also mentions how, at the press conference, a German journalist asked him whether, as Minister, he would remind SchÃ¤uble that the German government was under obligation to extradite Michael Christoforakos, the former head of the Greek subsidiary of Siemens.

Michael Christoforakos was known to have bribed Greek politicians on behalf of Siemens, with a view to obtaining State contracts. The Greek authorities had tried to arrest him, but Christoforakos had fled to Germany where he had been arrested. Since, the German courts have refused to extradite him to Greece.

Varoufakis explains how, although he was scandalised by the German authoritiesâEuros" refusal to hand Christoforakos over to the Greek judiciary, he could not talk about this in a press conference. [78] To the journalist he replied: *âEurosoeI am sure the German authorities will understand the importance of assisting our troubled state in its struggle against corruption in Greece. I trust that my colleagues in Germany understand the importance of not being seen to have double standards anywhere in Europe.âEuros* (p. 216).

The ensuing meeting with Sigmar Gabriel, Vice-Chancellor, Minister for the Economy and leader of the SPD, is reminiscent of his meeting with Michel Sapin on 1 February (see *Part 5:* The Varoufakis-Tsipras line was doomed to fail from the word âEurosÜGoâEuros").

To Varoufakis, Gabriel claimed that he stood by the Syriza government, but then said something quite different to the press: *âEurosoeAll was replaced with aggression towards my government, and a harsh lecture on my obligations to our creditors, which were paramount and beyond negotiation. To add insult to injury, he added a reference to the TroikaâEuros"s âEurosÜinflexibilityâEuros".âEuros* (p. 219).

By way of reply: *âEurosoeI continued unperturbed and gave my standard spiel about our governmentâEuros"s quest for sustainability by means of moderate proposals to recalibrate radically the TroikaâEuros"s failed Greek programme.âEuros* (p. 219).

Back in Athens

6 February

From 6 February, Varoufakis set to work with his collaborators (see who they were at: Varoufakis Surrounded Himself with Defenders of the Establishment) preparing the first meeting of the Eurogroup to which the Tsipras government had been invited, which was to take place in Brussels on 11 February. *âEurosoeFor three days and nights the sixth floor of the ministry teemed with a group of people sent by Lazard and my own close associates, which included Glen Kim, Elena Parati, [âEuros¦]âEuros* (p. 221). James Galbraith, who had just arrived from the United States, joined the team.

At the same time, Varoufakis immersed himself in parliamentary activity and took part in the first meeting of the complete new government. On 6 February, as an MP he took part in the election of the new president or speaker of parliament. *âEurosoeThe decision to appoint Zoe Konstantopoulou speaker was rich in symbolism. Over the previous two parliamentary terms this impressively tall and uncompromising Syriza MP had single-handedly exposed the gross violations of procedure employed by previous governments to pass the legislation passed by the Troika. Voting her in as speaker was a joy and a statement that never again would Parliament be reduced to rubber-stamping its own servitudeâEuros* (p. 223-4).

Neither does he ever mention the commission on war damages that Greece demanded of Germany

This is the only time Zoe Konstantopoulou is mentioned in VaroufakisâEuros"s book of over 500 pages. Not once does Varoufakis mention the creation and work of the Truth Commission on Greek Public Debt even though he was present at the inaugural session on 4 April 2015 (see 4 April 2015: a landmark in the search for the truth about the Greek debt and Chronique des interventions de lâEuros"exÃ©cutif grec au ComitÃ© dâEuros"audit de la dette grecque, available in French or Spanish only). [79] Neither does he ever mention the commission on war damages that Greece demanded of Germany. Of all Zoe KonstantopoulouâEuros"s intense efforts to contribute to giving new meaning to parliamentary activity and her participation in public and internal debates over the choices that should be made, he writes not a word.

It is also very striking that he only mentions the name and actions of his own deputy minister, Nadia Valavani, who, among other things, was in charge of the important dossier on tax debt owed to the State. Nadia Valavani was one of the foremost figures of the resistance against the colonelsâEuros" dictatorship and paid a heavy personal price for her commitment. As deputy minister, she accomplished an enormous amount of work. [80] While Varoufakis mentions someone like Elena Panaritis at least forty times, Valavani only gets a single mention regarding the finalization of the white paper in response to the humanitarian crisis.

7 February. First meeting of the complete new government

âEurosoeOn Saturday morning, 7 February, I attended our first cabinet meeting.âEuros One imagines that he is referring to the first meeting of the complete new government, but this is not certainâEuros¦ merely a supposition. Whichever meeting it was, he carries on: *âEurosoeOscar WildeâEuros"s quip about democracy was at the back of my mind: âEurosÜIt is impractical and it goes against human nature. This is why it is worth carrying out.âEuros" Having wasted a few precious hours on a largely ceremonial occasion at which too many of us spoke for too long to say too little, I rushed back to my office where the Lazard team and my people were working on the three non-papers I would* *be taking to Brussels* [authorâEuros"s note: these were working papers with no official status]âEuros (p. 226). This is all Varoufakis tells us about that assembly. His terse comments on the governmentâEuros"s first meeting go a long way to revealing VaroufakisâEuros"s perception of how politics should be conducted and his disdain of, or failure to understand, the battles to be waged within a government as well as within civil society, if democracy is to be put into practice. Varoufakis confined himself, without trying to break out of it at the time and without questioning that attitude today, to the intimate inner circle that Tsipras created and to which he was summoned when the prince judged necessary.

Monday 9 February

Varoufakis shows no real interest in the debates of the Greek Parliament. The only time he mentions them in any sort of detail is the session of Parliament held on Monday 9 and Tuesday 10 February, when he presented and defended the proposals he intended to make at the meeting of the Eurogroup that was to take place two days later in Brussels. *âEurosoeTomorrow I shall be telling my Eurogroup colleagues that we accept the principle of continuity between previous government undertakings and our new governmentâEuros"s mandate...âEuros* (p. 227). This was unacceptable in view of the mandate that voters had given the government in the elections of 25 January. The Thessaloniki Programme that was SyrizaâEuros"s reference during the electoral campaign declared: *âEurosoeWe assume responsibility and are accordingly committed to the Greek people for a National Reconstruction Plan that will replace the Memorandum as early as our first days in power, before and regardless of the negotiation outcome.âEuros* (see the box on the Thessaloniki Programme in **Part 5:** The Varoufakis-Tsipras line was doomed to fail from the word âEurosÜGoâEuros")

> Varoufakis, by asserting the principle of continuity without the slightest exception, was enclosing negotiations in the narrow, coercive framework of application of the Memorandum

If these words meant anything, it was a commitment by Tsipras as head of government to assert to the Eurogroup and everyone else that his government refused the principle of continuity regarding commitments made by previous governments as far as the Memoranda were concerned. It was not simply a question of the meaning of words, but of the effective application of a policy of change. Varoufakis, by asserting the principle of continuity without the slightest exception, was enclosing negotiations in the narrow, coercive framework of application of the Memorandum. Unfortunately, this was indeed what was to happen, and in particular, because of this early renunciation of applying the programme for which Syriza had been elected to government.

VaroufakisâEuros"s reasoning, which resulted in capitulation, deserves to be read carefully: *âEurosoeThe official document describing GreeceâEuros"s programme, known as the Memorandum of Understanding (MoU), was a list of reforms (austerity targets, the institutional elimination of social benefits, privatization targets, administrative and judicial changes and so on) that the previous government had agreed to as the conditions (conditionalities in Troika-speak) for receiving the second bailout loan. There was no way we would implement these conditions in full, since doing so would involve accepting massive pain for absolutely no gain, especially as more than 90% of the bailout loan had been disbursed before we were even elected. However careful study of the MoU list in 2012 had made clear to me that many of its measures could be implemented without too much social damage. Accepting these elements, which comprised about 70% of the MoU, in return for our demands, while rejecting the genuinely toxic measures of the remaining 30%, was a strategic move.âEuros* (p. 228). This negotiating position amounted to abandoning the commitment of the Thessaloniki Programme to replace the Memorandum by a reconstruction plan. He says that he clearly declared to Parliament: *âEurosoeAs reasonable partners we shall include in our reform agenda up to 70% of the measures in the existing programme [âEuros¦]âEuros* (p. 228).

âEurosoeI commit to not passing any legislation during the negotiations that derails our target for a small budget primary surplusâEuros

Pursuing this logic of submission, he made the following announcement: *âEurosoeI commit to not passing any legislation during the negotiations that derails our target for a small budget primary surplusâEuros* (p. 227). That meant that the Minister of Finance would oppose any law, however good and necessary it might be, if its impact on the budget might be to prevent the securing of a primary surplus. In other words, the deadly dictatorship of the primary surplus would carry on regardless. This is not theoretical, it is purely practical. When Varoufakis said that, he knew that the creditors, starting with the ECB, had no intention of providing any further finance to Greece (as mentioned above, *âEurosoe90% of the bailout loan had already been disbursed before we had even been electedâEuros* and Varoufakis knew that the Troika had no intention of paying the remaining 10%). Yet in the Thessaloniki Programme the possibility of realizing a primary surplus was based on the fact that the money owing to Greece would be paid (in particular the â ¬2 billion of ECB profits on Greek bonds and the outstanding amount that the Troika was to pay Greece under the terms of the 2nd Memorandum, due to end on 28 February 2015). [81] Varoufakis knew that this would not happen, which meant that the money required to combat the humanitarian crisis and revive the economy would not be available unless Greece agreed to respect its previous commitments to pay off its creditors (over â ¬ 5 billion to pay the IMF by 30 June) and realize a primary surplus. He was careful not to explain all this to Parliament, mostly composed of people who were not economists, but led them up the garden path as Finance ministers so often do.

âEurosoeThis gesture provoked a great furore: the establishment parties accused me of not having yielded enough to the Troika, while leftists lambasted me for having given away too muchâEuros (p. 228).

He concluded his introduction with strong words, which were in fact soon to apply to the line he had presented to Parliament with TsiprasâEuros"s approval: *âEurosoeIf you cannot imagine walking out of a negotiation, you should never enter it. If you cannot fathom the idea of an impasse you might as well confine yourself to the role of a supplicant who implores the despot to grant him several privileges but who accepts in the final analysis whatever the despot grantsâEuros* (p. 227-228).

This kind of declaration is typical of VaroufakisâEuros"s and TsiprasâEuros"s approach: adopt a very moderate attitude during the negotiation, which is secret, making multiple concessions, while continually reiterating strong radical language in public. As the mainstream media, the Troika and GreeceâEuros"s rightwing parties were attacking Varoufakis and Tsipras as irresponsible lefties, the illusion worked. Their radical politics and their will to resist the Troika appeared indisputable. [82]

In his summary of how he presented his policy to the Greek Parliament, Varoufakis never once alludes to the demand for cancellation of greater part of public debt as enshrined in the Thessaloniki Programme. This contrasts with the speech made in the same forum by Zoe Konstantopoulou at the time of her election as Speaker of Parliament on 6 February 2015: *âEurosoeInitiatives (...) will be taken to ensure that Parliament makes an essential contribution in promoting the demands for cancellation of most of the debt, the integration of clauses on growth and guarantees to stop the humanitarian crisis and come to the rescue of our people. Parliamentary diplomacy is neither purely ceremonial nor the equivalent of public relations. It is a precious tool that we need to make good use of through the President, as well as through international relations committees and friendship committees.*

We need to ensure, in this way, that the case of Greece âEuros" the demand for a fair solution that will benefit our people, through the cancellation of debt and a moratorium on payments âEuros"becomes the object of energetic claims in an interparliamentary campaign. This campaign will rely on directly informing other parliaments and national assemblies, as well as those European populations who are already mobilized in solidarity with our peopleâEuros , (see Discours prononcÃ© par ZoÃ© Konstantopoulou, lors de son Ã©lection en tant que PrÃ©sidente du Parlement hellÃ©nique, in French only). The Speaker of the Greek Parliament was right to insist on the need to declare a moratorium on debt payments as a means of getting most of the debt cancelled. It was a condition *sine qua non* of the fulfilment of SyrizaâEuros"s commitments and the start of the changes the population had been promised.

10 February

Varoufakis sought the support of the OECD. On the evening of 10 February, Varoufakis received with great ceremony a delegation from the Organization of Economic Cooperation and Development (OECD). Angel Gurria, the general secretary, came to Athens in person. It is perfectly understandable that a government that had been stigmatized by part of the mainstream international press and the Troika would wish to make a clean break. But Varoufakis went over the top: *âEurosoeEarly next morning we met again, this time at Maximos, in front of the cameras and with great pomp and ceremony. The prime minister welcomed the OECDâEuros"s secretary general, with myself, Deputy Prime Minister Dragasakis and Economy Minister Stathakis also present, thus formally making it known that the new Syriza government would be working closely with the rich countriesâEuros" club to develop a new pro-growth reform agenda. [âEuros¦]. Having such a prestigious global institution not only contribute to that agenda but then vouch for it once it was finalized would be a powerful means to pre-empt the inevitable criticismâEuros* (p. 230). Let us recall that the OECD is an international organization which participates directly in amplifying neoliberal policies, in particular by giving them a pseudo-scientific stamp of approval. [83] Trying to break away from stigmatization does not mean you should flatter institutions that are hostile to the idea of abandoning neoliberal structural reforms.

> VaroufakisâEuros"s description of the composition and functioning of the Eurogroup is very useful and one of the reasons that his book is worth reading

11 February. The first meeting between the Eurogroup and the Greek government

VaroufakisâEuros"s description of the composition and functioning of the Eurogroup is very useful and one of the reasons that his book is worth reading. *âEurosoeThe Eurogroup is an interesting beast. It has no legal standing in any of the EU treaties and yet it is the body that makes EuropeâEuros"s most vital decisions. At the same time, most Europeans, including most politicians, know almost nothing about it. It convenes around a huge rectangular table. Finance ministers are seated along its two longer sides [âEuros¦].âEuros*

Most importantly, he adds: *âEurosoe[âEuros¦] real power sits at either end of the table. At one end, to my left, sat the European president, Jeroen Djisselbloem. On his right was Thomas Wieser, the Eurogroup Working Group president and the real power at that end of the table; on his left were the IMF representatives, Christine Lagarde and Poul Thomsen. At the other end of the table was Valdis Dombrovskis, commissioner for the euro and social dialogue social, whose real job was to supervise(on behalf of Wolfgang SchÃ¤uble) Pierre Moscovici, the economic anfd financial affairs commissioner, who sat on LatvianâEuros"s left. On DombrovskiâEuros"s right, meanwhile, sat BenoÃ®t CÅ"urÃ© and beyond him, Mario Draghi representing the ECB.*

At the same corner of the table as Draghi, but on the longer side and at right-angles to him, sat Wolfgang SchÃ¤uble. Their proximity would on occasion give rise to intense heat, though never to any actual lightâEuros (p. 231-232).

In a way, the Eurogroup is the institutionalization of the Troika, as it unites the ECB, the IMF, the Finance ministers of the Eurozone and representatives of the European Commission.

âEurosoeIn normal Eurogroup meetings a fascinating ritual illustrated the manner in which the Troika and its processes had taken over the governance of continental Europe [âEuros¦]âEuros (p. 232).

âEurosoeEvery time an item was tabled for discussion âEuros" for example, the French national budget or developments in CyprusâEuros"s banks âEuros" Dijsselbloem would announce the topic and then invite the representatives of the institutions to present their views in turn: first, Moscovici on behalf of the European Commission, then Christine Lagarde (or Poul Thomsen in her absence) on behalf of the IMF, and finally Mario Draghi on behalf of the ECB (with BenoÃ®t CÅ"urÃ© stepping in on the rare occasions that Mario was absent). Only after these unelected officials had given their assessment and set the tone and terms of the debate did the elected ministers get a chance to speak. Moreover, for almost all the meetings at which I was present the ministers received no substantial briefing on any of the topics under discussion.âEuros (p.232).

Varoufakis observes that: *âEurosoe[âEuros¦] the purpose of the Eurogroup is for ministers to approve and legitimize decisions that have already been taken by the three institutions.âEuros* (p. 232).

Varoufakis mentions that he was accompanied by Dragasakis and Chouliarakis, the President of the Council of Economic Advisers (whom Dragasakis had placed on VaroufakisâEuros"s team). *âEurosoeOur government faces the task of earning a precious currency without depleting an important capital good: we must earn your trust without losing the trust of our people.âEuros* (p. 233).

He then explains how important it is for the Greek government to take new measures that would correct the previous, unfair, ones and respond to the humanitarian crisis by reemploying workers who had been laid off, increasing retirement pensions for people living below the poverty threshold and bringing back the minimum wage in the private sector.

âEurosoeThose assembled in the Eurogroup had my commitment, I told them, that none of these small-scale measures would have a measurable fiscal impact.âEuros (p. 234).

âEurosoeI mentioned our new collaboration with the OECD and proposed to work closely with the IMF and the ECB in its areas of expertise.âEuros (p. 239).

He explained that the government would not be dogmatic over privatizationsâEuros¦ some could go ahead. He expressed the desire to create a public development bank and another public bank to be set up in collaboration with the ECB that would take charge of under-performing loans from private banks.

He uttered one ominous sentence, in continuity of what he had announced to Parliament: *âEurosoeour government, whether we liked it or not, had been committed by previous Greek governments to a programme.âEuros* (p. 234).

Then he began to talk about debt: *âEurosoeThe Troika was demanding that the bankrupt Greek state pay just under â ¬5 billion to the IMF by July 2015, and then, during July and August, a further â ¬6.7 billion to its own central bank. I proposed that we begin with a modest agreement that the ECB would pay back the â ¬1.9 billion it owed Greece from its past yearâEuros"s profits on our SMP bonds* [AuthorâEuros"s note: i.e. bonds that the ECB had bought from private banks in 2010 - 2012]. *This was GreeceâEuros"s own money. If the creditors wanted us to keep up our repayments to them, the least they could do was give us access to our own money. Anything less would surely be an invitation to default.âEuros* (p.235).

Varoufakis adds in a footnote what we explained in the part dealing with his speech before the Greek Parliament two days earlier, i.e. that he knew, when he said that, that the Troika had decided to keep that money. He had known since the eve of the elections when they received a document from Thomas Wieser, vice-president of the Eurogroup, (Chapter 8, note 8). This is also related at the beginning of the **Part 5:** of this series: The Varoufakis-Tsipras line was doomed to fail from the word âEurosÜGoâEuros".

Of course, Varoufakis was right to ask that this sum of almost â ¬2 billion be paid to the Greek government.

He concludes by saying that the Greek government wishes for *âEurosoegenuine negotiations in good faith for forging a different contract between us, based on a realistic primary surplus effort and efficient as well as socially just structural policiesâEuros"including of course many elements of the previous programme that we accept. We need assurances on this point.âEuros* (p. 235).

He adds: *âEurosoeSuch an extension cannot be taken as acquiescence to the logic of the former agenda that has been rejected by our peopleâEuros* (p. 235). In saying this, he is in flagrant contradiction with another part of his speech cited above where he declares: *âEurosoeour government, whether we liked it or not, had been committed by previous Greek governments to a programme.âEuros* (p. 234).

In the ensuing discussion, SchÃ¤uble immediately declared: *âEurosoeElections cannot be allowed to change economic policy.âEuros* (p. 237). Finance ministers from the Baltic republics, Slovenia, Slovakia, Finland, Belgium, Spain, Austria, Ireland and more spoke to back him up.

Varoufakis says that in his answer he declared: *âEurosoeif you agree with Wolfgang, then I invite you to say so explicitly by proposing that elections should be suspended in countries like Greece until the countryâEuros"s programme is completed.âEuros* (p. 238).

Jeroen Dijsselbloem and Thomas Wieser then refused to allow the secretary to distribute the three documents Varoufakis had prepared for the Eurogroup.

Now we come to the draft communiquÃ© that was to have been published after this meeting. Varoufakis says: *âEurosoeOne glance was enough to know it was unacceptable as it explicitly committed Greece to completing the second bailout programme via the implementation of the entire MoU âEurosÜwith maximum flexibility within the programme to accommodate the new Greek authoritiesâEuros" prioritiesâEuros".âEuros* (p. 239).

Varoufakis asked for the word âEurosoeamendedâEuros to be added in front of the word âEurosoeprogramme.âEuros SchÃ¤uble refused this amendment, saying that if the Memorandum was amended, it would have to go back to the vote in the German parliament, which was inconceivable.

So Varoufakis refused. Consequently, Greece was threatened: if there was no agreement on the communiquÃ©, the ECB would totally cut off all liquidities to Greek banks at the end of the second Memorandum, that is, on 28 February. Varoufakis refused this ultimatum. Dijsselbloem suggested dropping the proposal of the word âEurosoeamendâEuros and replacing it with the word âEurosoeadjusted.âEuros Varoufakis accepted on condition that the text mention that in Greece there was a humanitarian crisis. Dijsselbloem refused. Christine Lagarde, Managing Director of the IMF, put pressure on Varoufakis.

Varoufakis then consulted Tsipras and Pappas by telephone. They were also in Brussels, preparing for the meeting of their first EU summit, due to start the next day. The conversation lasted an hour. Varoufakis says: *âEurosoeI must have changed my mind three or four times, oscillating between âEurosÜStuff them !âEuros" and âEurosÜLetâEuros"s accept the damned communiquÃ© and fight the Troika when it comes to defining what âEurosoean adjusted programmeâEuros should look likeâEuros". Dragasakis, meanwhile, was signalling to me that I should persuade Alexis to yield.âEuros* (p. 243).

Finally, Tsipras told Varoufakis to refuse the text, which ended that meeting of the Eurogroup. Varoufakis summarized this first round with the Eurogroup: *âEurosoeThe Finance ministers of 19 European countries, the leaders of the ECB, the IMF and the European Commission, not to mention deputies, countless translators and support staff had just wasted ten hours blackmailing one minister. What a waste of human potential, I thought.âEuros* (p.245).

He phoned the Greek delegationâEuros"s office to update Tsipras.
âEurosoe âEurosÜPut on a brave face,âEuros" he said, âEurosÜPeople are celebrating in the streets and supporting us. Cheer up!âEuros" A secretary showed me a tweet from his account with a picture of a rally and the message: âEurosÜIn the cities of Greece and Europe the people are fighting our negotiation battle. They are our strength.âEuros" Indeed, as I was to find out the next day, thousands of cheering people had gathered in Syntagma Square while I was holed up with the Eurogroup. They were dancing and waving banners proclaiming BANKRUPT BUT FREE and STOP AUSTERITY. Simultaneously, and even more touchingly, thousands of German demonstrators, led by the Blockupy movement, were encircling the ECB building in Frankfurt in solidarity with us.âEuros (p. 245).

This illustrates perfectly the potential for mobilization that there would have been in the following days, had Tsipras and Varoufakis kept to their line of refusing ultimatums

This illustrates perfectly the potential for mobilization that there would have been in the following days, had Tsipras and Varoufakis kept to their line of refusing ultimatums; if they had implemented the moratorium on debt payments, the audit, the unilateral haircut of bonds held by the ECB; if they had set up a system of parallel payments; if they had exercised their right to vote in Greek banks and if they had controlled capital flows by decree.

But let us return to VaroufakisâEuros"s story. He explains that after contacting the office of the Greek delegation and having learned with joy of the mobilizations, he gave a press conference as one would expect. According to his account, this is what he said about the meeting of the Eurogroup: *âEurosoeI was given a wonderful opportunity and a very warm welcome to present our views, our analysis, our proposals, both regarding substance and regarding the road map. And since we are meeting again on Monday, I think it is perfectly normal and natural that we should simply move to the Monday meeting.âEuros* (p.246).

âEurosoeFriends and critics have censured me for deceiving the public. I have been asked many times: why did I not spill the beans about what actually happened in there? Why did I not expose their blackmail and contempt for democracy? The answer I give is: because the time had not yet come.âEuros (p.246).

From 20 February until the final capitulation of July 2015, the attitude Varoufakis adopted was that of secret diplomacy.

In fact, from that moment on, apart from one event that took place five days later on 16 February, Varoufakis entered into an infernal logic whereby it would never be the right moment to tell the truth about what was happening at the level of negotiation. From 20 February until the final capitulation of July 2015, the attitude Varoufakis adopted was that of secret diplomacy.

With all the microphones and cameras that were turned his way while he was minister, apart from on 16 February, he never made use of the opportunity afforded him to inform public opinion about what was really going on in the negotiations. The same is true of Alexis Tsipras with the exception of a very brief period at the end of June 2015 when he called a referendum for 15 July.

12 February. A concession, really?

Varoufakis explains that his refusal to sign convinced the European leaders that they should make a concession. Dijsselbloem, apparently under orders from Angela Merkel, made contact with Tsipras to propose that they should announce that the Greek government and the Eurogroup were going to discuss technicalities to help them forward in executing the current programme while taking into account the new governmentâEuros"s objectives. One wonders whether Varoufakis is right in asserting that this was a concession. Nothing is less certain. The European leaders, in speaking of executing the programme, were maintaining their position. They wanted to give the impression that they were open to negotiation while at the same time demonstrating that the Greek government was incapable of behaving in a responsible and constructive fashion.

Moreover Varoufakis writes that from that moment on Merkel and Tsipras were in direct contact, which later proved to have negative effects.

Varoufakis inadvertently reveals that he had never seriously imagined forming a front with the other members of the government and parliament

He adds that Tsipras began to distance himself from him, Varoufakis, the only minister who was convinced that they should be ready to take unilateral measures such as the haircut on bonds held by the ECB or the suspension of payments. When he says this, he omits to mention that Lafazanis, who was one of the six main ministers, was also favourable to unilateral actions, starting with the suspension of payments. Not to mention the four deputy ministers who belonged to the Left Platform (Nadia Valavani, Dimitris Stratoulis, Costas Isychos and Nikos Chountis) and the Speaker for the Hellenic Parliament, Zoe Konstantopoulou. In fact, Varoufakis inadvertently reveals that he had never seriously imagined forming a front with the other members of the government and parliament in order to work out the orientation required to fight back on the same level as the TroikaâEuros"s attacks. Varoufakis, by explaining to his readers that he was alone, is seeking, perhaps unconsciously, attenuating circumstances for his own diffident attitude.

13-14-15 February in Brussels

Varoufakis remained in Brussels after the meeting of the 11th until the next meeting of the Eurogroup, slated for 16 February. According to Varoufakis: *âEurosoeThe German Chancellor wanted our technical team to meet the TroikaâEuros"s in order to begin discussion of our governmentâEuros"s proposals and priorities.âEuros* (p. 251). Varoufakis put together a team composed of Chouliarakis, four of DragasakisâEuros"s advisers, Elena Panaritis and Glenn Kim, who were to work with the Troika team on an attempted rapprochement. (For more on VaroufakisâEuros"s advisers, see *Part 4:* Varoufakis Surrounded Himself with Defenders of the Establishment). In the wings, Varoufakis says, there was also an envoy from the Lazard Bank and James Galbraith. Varoufakis further received long-distance advice from Jeffrey Sachs and Willem Buiter (Chief Economist of the North American bank Citigroup).

On the periphery of these official work meetings which took place during these two days in Brussels, Varoufakis adopted a position on capital control: he opposed it. It is no surprise that his advisers from the Lazard Bank and Citigroup, as well as those who had worked at the World Bank, like Panaritis and Sachs, were all totally against any control of capital. So was Galbraith.

The very least that one can say is that this was a grave error. There needed to be controls in place to avoid capital flight. Obviously there was no need to prevent small amounts from being sent abroad. What was needed was a selective control of major financial flows. It was perfectly feasible.

On 14 February, Tsipras handed Varoufakis a draft communiquÃ© that the President of the European Commission, Jean-Claude Juncker, had sent him. This draft was of quite a different tone from the one that Dijsselbloem and SchÃ¤uble had tried to impose on 11 February, but it was only a feint. The very next day, Varoufakis was brought back to earth. While the afternoon of 15th had begun well with a meeting with Moscovici, who gave him JunckerâEuros"s text, a little later Dijsselbloem sent him a different one. Varoufakis tells us: *âEurosoeI read it. It was worse even than the draft that we had rejected at the first Eurogroup. It committed the Greek government âEurosÜto complete the current programmeâEuros", allowing us to pursue our mandate only within the âEurosÜexisting built-in flexibility of the current programmeâEuros". All the concessions in the drafts presented by Juncker the previous night and by Pierre a few moments earlier had been expunged. Even the phrase âEurosÜadjusted programmeâEuros" had been dropped. In this draft the programme, undiluted by any adjective, returned with a vengeanceâEuros* (p. 260).

16 February in Brussels, the second failure of the Eurogroup

On 16 February, the second meeting of the Eurogroup rapidly ended in failure since the text submitted to Greece was worse than the one it had refused a few days earlier.

The ensuing press conference was about the only time that Varoufakis spoke publicly of disagreement. He summarizes what he said to the press as follows: *âEurosoeI am pleased to report that the negotiations were conducted in a collegial spirit, clearly revealing a unity of purpose âEuros¦ to establish common ground, so as to reach a meaningful, sustainable long-term contract between Greece, official Europe and the IMF. Moreover I have no doubt that they will continue tomorrow and the day after until there is agreement. If this is so, why have we not managed to agree on a communiquÃ©, a simple phrase, that will unlock immediately this period of deliberation?*

This second refusal gave rise to a demonstration of support of the government in Greece and the governmentâEuros"s popularity rating reached 75%.

The real reason concerns a substantial disagreement on whether the task ahead is to complete a programme that this government was elected to challenge the logic of, or to sit down with our partners with an open mind and rethink this programme, which in our estimation and in the estimation of most clear-thinking people has failed to stabilize Greece, has generated a major humanitarian crisis and has made reforming Greece, which is absolutely essential, ever so hard.âEuros (p. 264).

Varoufakis explained to the press what happened between 11 and 16 February, and he adds for his readers that for the second time in five days, the Greek government had said no to the Troika.

This second refusal gave rise to a demonstration of support of the government in Greece and the governmentâEuros"s popularity rating reached 75%.

But Varoufakis and Tsipras never appealed to the populations of Europe and elsewhere for support. This played a non-negligible role in the difficulty of developing a powerful movement of international solidarity with the people of

Greece. Of course, full use should also have been made of the communication possibilities offered by the social networks, but the Greek government and the ruling core around Tsipras did not do this either.

Trying to function within a framework of secret diplomacy also encouraged the European leaders to maintain the worse forms of blackmail with no risk of anyone finding out.

17-18-19 February in Athens, the turning-point towards the agreement of 20 February and the extension of the Memorandum

Varoufakis explains that at the first meeting of what he calls the âEurosoewar cabinet,âEuros after the failure of 16 February, Tsipras, Pappas and Dimitris Tzanakopoulos, TsiprasâEuros"s Chief of Staff, were in favour of breaking off negotiations. Varoufakis says that Tzanakopoulos shouted at him: âEurosoe*If you want to sign the MoU you will have to do it over my dead body* âEuros (p.266).

Of Tsipras, he writes: *âEurosoe[âEuros¦] he also lost his cool on occasion and threatened to blow up the negotiations.âEuros* (p.266). Spyros Sagias (the Cabinet Secretary) and Varoufakis were in favour of pursuing negotiations.

Varoufakis ended up managing to convince the rest of the war cabinet that they should obtain an extension of the Memorandum. *âEurosoeMy view, with which Sagias and Dragasakis agreed, was that requesting an extension was part of our mandate as long as we did not commit to the programme in order to secure it.âEuros* (p. 269).

I will be arguing in the next part of this series why it would have been better to refuse the extension of the Second Memorandum.

Varoufakis, for his part, wanted an extension of the Memorandum although he was well aware that Berlin had four demands: that structural reforms should be continued to improve competitiveness (which clearly meant continuing attacks on wages and social security and continuing with privatizations); keeping the IMF involved in any future agreement (which implied extending the current second Memorandum with a third Memorandum, even though Varoufakis would not acknowledge this [84]); defining what was meant by sustainability of debt; and above all, âEurosoe *âEurosÜRecognize GreeceâEuros"s financial obligations to all its creditors.âEuros"* âEuros (p. 269). This final point sparked lively reactions in the cabinet. Dimitris Tzanakopoulos, Chief of Staff, was against it: *âEurosoeHow can we possibly recognize our debt to all our creditors?âEuros* (p. 269).

Varoufakis writes that he replied: *âEurosoe[âEuros¦]we could âEurosÜrecognizeâEuros" GreeceâEuros"s public debt while at the same time insisting that it be immediately restructured so that the creditors could get more of their money back.* [85] *The wing of Syriza demanding immediate and unilateral haircuts on the basis that the debt itself was illegal would of course be outraged, but ultimately this approach prevailed in the war cabinet. It was agreed that I would write to the Eurogroup with a formal extension request.âEuros* (p. 269-270).

This decision was clearly flying in the face of SyrizaâEuros"s and the governmentâEuros"s programme.

Varoufakis further explains: *âEurosoeThe more likely scenario, however, was that the extension was a tactical ploy: by delaying any outcome they* [the European leaders] *were simply waiting for the depletion of both our current popularity and our small liquidity reserves so that by the time the extension expired in June they could be sure of our exhausted governmentâEuros"s total capitulation.âEuros* (p. 270).

The problem was that this threat was never, ever, communicated to the Troika. Nor was it ever made public.

Varoufakis asserts that faced with this scenario, the war cabinet gave him their agreement: *âEurosoe[âEuros¦] to request the extension while at the same time signalling to the Troika that any attempt to wear us down through a tightening of the liquidity noose would be met with a refusal to make the forthcoming payments to the IMF; that any effort to push us back into the straitjacket of its failed programme or to deny us debt restructuring would be met with a cessation of negotiations; and that any threat of closing down our banks and imposing capital control would be met with unilateral haircuts of the ECBâEuros"s SMP bonds, with the activation of the parallel payments system and with changes to the law governing the Central Bank of Greece in a manner that restored the ParliamentâEuros"s sovereignty over it.âEuros* (p.270).

The problem was that this threat was never, ever, communicated to the Troika. Nor was it ever made public. Varoufakis acknowledges this. As for putting it into practice, as we shall see later on, Tsipras and the majority of the cabinet clearly opposed the idea and Varoufakis accepted that until the final capitulation in July 2015.

Furthermore, at this stage, we only have VaroufakisâEuros"s testimony. Will another account eventually emerge that confirms his assertions? It is highly improbable that Tsipras would confirm VaroufakisâEuros"s version as that would be tantamount to admitting his own guilt.

The Greek population was kept totally in the dark.

Everything was decided in a very small committee and the rest of the government was never informed; neither was the Syriza leadership. The Greek population was kept totally in the dark.

In any case the threat that Varoufakis mentions was never communicated to the Troika.

Varoufakis writes: *âEurosoe[âEuros¦] the worst strategy would be to request an extension, get it, but then fail to signal our readiness to trigger these measures if our creditors were to stray from the spirit of the interim agreement. Were we to make that error, I argued, they would drag us through the mud over the period of the extension and then, at the moment of our greatest weakness, around the end of June, slaughter us.âEuros* (p. 270). Yet this is exactly what happened. Varoufakis, with the agreement of the core advisers around Tsipras, asked for the extension of the Memorandum without signalling any determination whatsoever to take any action and the creditors dragged the government through the mud and brought it to official capitulation.

On 18 February Varoufakis sent the Eurogroup a letter from which he quotes several terrible passages: âEurosoe *âEurosÜThe Greek authorities recognize GreeceâEuros"s financial obligations to all its creditorsâEuros", [and they intended] âEurosÜto cooperate with our partners in order to avert technical impediments in the context of the Master Facility Agreement which we recognize as bindingâEuros"*. [86] âEuros (p.271). Varoufakis adds that this was *âEurosoe[âEuros¦] the furthest we could go to satisfy BerlinâEuros* (p.271). That is putting it mildly.

20 February in Brussels: the road to capitulation

Varoufakis went to Brussels and just before the Eurogroup meeting began, and Dijsselbloem gave him two pieces of bad news, which Varoufakis does not see as such: 1. The â ¬11 billion of the Hellenic Financial Stability Fund (HFSF) left over after the recapitalization of banks âEuros" money that the Tsipras government had planned to use to realize part of its electoral promises âEuros" was being sent to Luxembourg instead of being placed at GreeceâEuros"s disposal; 2. The Memorandum was to be extended to 30 June (which suited Varoufakis).

âEurosoeI told Jeroen [Dijsselbloem] *I would grant these two concessions, which were of little real consequence as far as I was concerned, in return for something I truly valued: policy space.âEuros (p. 273). He goes on: âEurosoeI demanded that the MoU, or at least the 30% of its articles that were unacceptable, be replaced with a new list of reforms proposed by our government, while our primary surplus target be reduced from 4.5 per cent of national income to no more than 1.5 per cent.âEuros* (p.273).

Varoufakis adds: *âEurosoeTo my great surprise, Jeroen agreed.âEuros* (p.273). Now one of the basic rules of negotiating is that if your enemy accepts your terms from the outset, you have got off to a bad start. Dijsselbloem also accepted that Greece would hand him a list of reform proposals that the Troika institutions could accept or reject as they saw fit.

Varoufakis writes: *âEurosoeIf this paragraph made it through to the final communiquÃ©, I thought, it would constitute a triumph for the EurozoneâEuros"s weaker countries. It would be the first time a government incarcerated within a bailout programme had been granted the right to replace the TroikaâEuros"s MoU with an agenda for reform of its own composition.âEuros* (p. 273). This is absolutely insane. See extracts from the agreement Varoufakis signed with the Eurogroup on 20 February in Brussels in the Box below.

Excerpts from the agreement Varoufakis signed with the Eurogroup on 20 February. [87]

âEurosoeThe Greek authorities will present a first list of reform measures, based on the current arrangement, by the end of Monday 23 February. The institutions will provide a first view [of] whether this is sufficiently comprehensive to be a valid starting point for a successful conclusion of the review. This list will be further specified and then agreed with the institution by the end of AprilâEuros (p.273).

[âEuros¦]
âEurosoeOnly approval of the conclusion of the review of the extended arrangement by the institutions in turn will allow for any disbursement of the outstanding tranche of the current EFSF [European Fund for Financial Stability] programme and the transfer of the 2014 SMP [Security Markets Programme] profits. Both are again subject to approval by the Eurogroup.âEuros

âEurosoeThe Greek authorities reiterate their unequivocal commitment to honour their financial obligations to all their creditors fully and timely.âEuros
[âEuros¦]

âEurosoeThe Greek authorities have also committed to ensure the appropriate primary fiscal surpluses or financing proceeds required to guarantee debt sustainability in line with the November 2012 Eurogroup statement. The institutions will, for the 2015 primary surplus target, take the economic circumstances in 2015 into account.âEuros

âEurosoeIn light of these commitments, we welcome that in a number of areas the Greek policy priorities can contribute to a strengthening and better implementation of the current arrangement. The Greek authorities commit to refrain from any rollback of measures and unilateral changes to the policies and structural reforms that would negatively impact fiscal targets, economic recovery or financial stability, as assessed by the institutions.âEuros the asphyxia that had officially been inflicted on Greece since 4 February would continue

According to a euphoric Varoufakis, there was one drawback: *âEurosoeThe communiquÃ©âEuros"s major downside was that it offered Greece no respite from the liquidity squeeze.âEuros* (p. 273). In other words, the asphyxia that had officially been inflicted on Greece since 4 February would continue. The rope that was strangling the country was to function like a noose: while Greece was to repay â ¬7 billionâEuros"s worth of debt by 30 June 2015, the creditors would make no further payment of fresh money and worse still, the ECB would continue to limit Greek banksâEuros" access to emergency liquidities. This diminished their ability to buy bonds issued by the Greek Treasury to finance themselves and would thus reinforce the governmentâEuros"s asphyxia.

Varoufakis explains that during the Eurogroup meeting, he received a text message from Emmanuel Macron asking how things were going which he answered: âEurosoe*âEurosÜWe had a good result,âEuros" I told him. âEurosÜNow we need to get down to work. Thanks for the help.âEuros"*âEuros (p. 276). Varoufakis adds: *âEurosoeEmmanuel replied with a comradely âEurosÜLetâEuros"s keep fighting.âEuros"* âEuros (p. 276).

Next Varoufakis gave a press conference: *âEurosoeHaving thanked Jeroen for steering that eveningâEuros"s Eurogroup towards an interim agreement, I hailed it as an opportunity to get down to work. Over the weekend, I informed the press, my team and I would be working around the clock to prepare our governmentâEuros"s list of reforms to be submitted in three daysâEuros" time. âEurosÜIt will be hard work,âEuros" I admitted, âEurosÜbut we shall do it gladly now that we have moved on to a new relationship of equals [âEuros¦]âEuros"* [Underlined by Eric Toussaint.] (p. 278).

In reality, the agreement of 20 February is the equivalent of a vassal subjecting himself to a suzerain while proclaiming himself the equal of the suzerain. Let us recall VaroufakisâEuros"s words before the Hellenic Parliament just ten days before: *âEurosoeIf you cannot imagine walking out of a negotiation, you should never enter it. If you cannot fathom the idea of an impasse you might as well confine yourself to the role of a supplicant who implores the despot to grant him several privileges but who accepts in the final analysis whatever the despot grants.âEuros* (p. 227-228).

Varoufakis reports contradictory reactions. Jeffrey Sachs congratulates him, while he is severely criticized by Manolis Glezos, a hero of the Resistance and Syriza MEP since February 2015, and the well-known composer Mikis Theodorakis âEuros" both leftwing childhood heroes of his, as he puts it (p. 281). In a public communiquÃ©, Manolis Glezos apologized to the Greek people for having encouraged them to vote for Syriza in January 2015.

Varoufakis explains that from 21 February, he got on with writing the reforms that they would propose *âEurosoeas a substitute for the MoU* to be submitted to the Eurogroup on 23 February. It is interesting to note that today, Varoufakis makes no bones about the fact that the idea was to try to amend the current Memorandum; but at the time, Tsipras and he told the population that it was a new agreement and that Greece was now no longer the prisoner of the Memorandum and the Troika, renamed âEurosoethe institutions.âEuros

> He himself acknowledges that he agreed to submit to Lagarde, Draghi and Moscovici the list of proposals

On the evening of 23 February, Varoufakis writes, *âEurosoeOnce it [the text] was submitted on Monday evening, Mario Draghi, Christine Lagarde and Pierre Moscovici would have the following morning in which to review it before the Eurogroup teleconference scheduled for Tuesday afternoon. There would be no quibbling; the three of them would pass judgement on the list of measures in turn, giving it either a green light or a red flag, with ministers having no say.âEuros* (p. 281-282). How then could anyone claim, as Varoufakis did in public at the time, that the Troika no longer existed and that Greece was free again? He himself acknowledges that he agreed to submit to Lagarde (IMF), Draghi (ECB) and Moscovici (European Commission) the list of proposals that the Greek government then intended to send officially to the Eurogroup.

Conclusion

The agreement made with the Eurogroup on 20 February 2015 states that: *âEurosoeThe Greek authorities reiterate their unequivocal commitment to honour their financial obligations to all their creditors fully and timelyâEuros* and *âEurosoecommit to refrain from any rollback of measures and unilateral changes to the policies and structural reforms.âEuros* By signing it, Varoufakis and Tsipras were breaking their commitment to put an end to the Memorandum and to replace it with a programme of reconstruction. They renounced their intention to question the legitimacy of the debt and suspend payments. They were subjecting Greece to the whims and wishes of the Troika once more, for it was quite certain that the latter was not going to agree to a programme of measures enabling the government to realize its electoral promises. The agreement of 20 February was the first official document whereby Varoufakis and Tsipras abandoned the main proposals of the programme for which Syriza had been brought to government.

As Stathis Kouvelakis wrote in an interview with Alexis Cukier in 2015: *âEurosoeThings are actually quite simple: the European institutions are trying to construct an iron cage inside which they can lock up the new government to prevent it from carrying out its programme. It is a matter of proving that any policy other than those of austerity and neoliberalism is impossible in the present context and that, whatever the mandate entrusted to a government, whatever the election results, it will always be the same policies that will be applied. Their primary objective is clearly to humiliate Syriza and see the Greek government on its knees. This is also a warning for Podemos and any other force in Europe likely to get into power and to question the policies of austerity and the mechanisms of indebtedness.âEuros* [88]

For its part, the CADTM Europe had published a communiquÃ© on 31 December 2014 that rang out as a warning: *âEurosoeEven before the dissolution of the Greek parliament and the ensuing electoral campaign, international and European powers had launched a campaign of lies and threats aimed at scaring the Greek electorate away from voting for SYRIZA (the Coalition of the Radical Left) in the upcoming general election to take place on 25 January. Seconded by the mainstream European media, the âEurosÜtop dogsâEuros", Juncker, Merkel, Hollande, Renzi and SchÃ¤uble, are preparing yet another brutal intervention into GreeceâEuros"s home affairs, a country they have already turned into a mess of social ruin through the inhuman and barbarous austerity policies they have dictated.*

> the result of the Greek elections will be decisive in the social war they are waging against the vast majority of European populations

The CADTM has not the least doubt about the real intentions of those who have used Greece as a European testing ground for the most extreme neoliberal policies and used the Greeks as guinea pigs for social, political and economic shock therapies. We must be ready for an escalation of their campaign. They cannot tolerate that SYRIZA be allowed to win and become an example to emulate throughout Europe. They will stop at nothing because they are well aware that the result of the Greek elections will be decisive in the social war they are waging against the vast majority of European populations!

It is because the stakes are so high that we can expect âEurosÜthe top dogsâEuros" in Europe and Greece to refuse to accept the result of the polls which, for the first time in Greek history, looks set to bring victory to the Greek left. There is no doubt that they will immediately try to stifle the left wing government that will be the democratic result, *because were it to succeed, that success would be interpreted by the workers and peoples of Europe as a tremendous encouragement to resist.âEuros* (Hands off Greece, fighting back and resisting

The first capitulation of Tsipras and Varoufakis at the end of February 2015

âEurosoeI signed the formal letter of request and, with revulsion in my stomach, had it sent to the creditors. It was a thing of darkness. And I had acknowledged it as mine.âEuros [89]
Varoufakis

On 20 February 2015, Varoufakis signed a disastrous agreement with the Eurogroup. It stipulated that Greece was committed to repay its creditors along the previously established schedule. This involved paying â ¬ 7 billion in several instalments by 30 June 2015. Five billion were due to be paid to the IMF even though it was one of the institutions that had enforced calamitous economic policies. The agreement also stated that any proposal for "reformsâEuros and austerity measures in the context of the 2nd MoU implemented since 2012 was to be submitted by Greece to the EurogroupâEuros"s approval. This 2nd MoU was extended by four months by common agreement between the Greek government and the Eurogroup. After signing the agreement in Brussels, Varoufakis went back to Athens, where he was sharply critized by emblematic figures of Greek resistance and struggle.

Athens 21 to 24 February 2015: Varoufakis drained the cup to the dregs

Varoufakis reports contradictory reactions. Jeffrey Sachs congratulates him, while he is severely criticized by Manolis Glezos, a hero of the Resistance and Syriza MEP since February 2015, and the well-known composer Mikis TheodorakisâEuros" both leftwing childhood heroes of his, as he puts it (p. 281). In a public communiquÃ©, Manolis Glezos apologized to the Greek people for having encouraged them to vote for Syriza in January 2015.

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> Varoufakis proclaims that the Troika no longer exists and that Greece is free again

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Varoufakis wrote a piece on the answers to the humanitarian crisis, meaning to insert it in the newly configured 2nd Memorandum (MoU). The text is not mentioned in the press release of 20 February 2015, as the Troika refused to talk about any humanitarian crisis in Greece and rejected VaroufakisâEuros"s proposals two days later. Next he concentrated on removing elements breaching human rights from the Memorandum as it stood. *âEurosoeIn exchange, I left a large number of the MoUâEuros"s prior actionsâEuros" stand. Some were ugly, some bad, a few good. But thatâEuros"s what the spirit of compromise dictated.âEuros* (p. 283).

Varoufakis had asked George Chouliarakis, the Chairman of the Council of Economic Advisors and Vice Prime Minister DragasakisâEuros"s right-hand man, to remain in Brussels after 20 February, entrusting him with the task of collaborating with the European Commission to prepare the work to be submitted to the Troika by 23 February.

On Sunday 22 February, Chouliarakis was back in Athens and Varoufakis asked him whether the text he had sent to Brussels the night before had met with the approval of Declan Costello, the European CommissionâEuros"s mission chief in the TroikaâEuros"s Greek bailout programme since May 2014, who had been charged with overseeing the implementation of the 20 February agreement.

Chouliarakis replied that CostelloâEuros"s reaction to Varoufakis draft had been positive, but that it needed to be reformulated in line with the TroikaâEuros"s style. Varoufakis agreed and a few hours later, Chouliarakis came back with the reworked document. Varoufakis was not at all happy with the text. He writes: *âEurosoeIts language was clearly that of the TroikaâEuros"s MoU, but the insertions that were supposed to reflect my earlier draft were also either absent or unacceptably watered down.âEuros* (p. 283). Together they modified the document and sent it to Costello for approval on the Sunday at 9 pm.

Costello refused two specific elements of their text. He rejected their idea of a moratorium on evictions of families unable to pay their mortgage. Varoufakis agreed to cut the âEurosoemoratoriumâEuros . Costello also opposed the creation of a public development bank that Varoufakis wanted to announce. *âEurosoeIt was another concession that I agreed to, making a mental note to place it at the top of my priorities from April onwards.âEuros* (p. 285).

On the morning of Monday 23 February, Varoufakis consulted the war cabinet and Lafazanis, the Minister of Reconstruction. *âEurosoeThe strongest opposition came from colleagues belonging or close to the Left Platform. From their perspective, our negotiations with the creditors were fundamentally ill-advised and the couching of my list in Troika-speak bordered on the treacherous.âEuros* (p. 285).

> The Greek press announces that the document sent by Varoufakis to the Eurogroup was written by Declan Costello of the European Commission

Finally, after further email consultation of the Troika representatives and having waited for their green light, it was a few minutes after the midnight deadline that Varoufakis officially sent his list to the Eurogroup as agreed. [90]

The following morning, Tuesday 24 February, the media put it out that the delay was proof of VaroufakisâEuros"s incompetence. Varoufakis comments: *âEurosoeIt was a charge I could not challenge without revealing that I had been negotiating secretly with GreeceâEuros"s creditors before formally submitting the list.âEuros* (p. 286).

There was worse to come: a few hours later, the Greek press revealed the contents of the document Varoufakis had sent the Eurogroup, announcing that it had been redacted by Declan Costello of the European Commission, which in the main was true. Varoufakis acknowledges: *âEurosoeHearing this I grabbed my laptop, opened the document containing my reform list, clicked on âEurosÜFileâEuros" and then on âEurosÜPropertiesâEuros" to see that next to âEurosÜAuthorâEuros" it read âEurosÜCostello Declan (ECFIN) [Economic and Financial Affairs]âEuros" and just below under âEurosÜCompanyâEuros", two words that completed my humiliation, âEurosÜEuropean CommissionâEuros".âEuros* (p. 287). [91]

Varoufakis further spins his tale and tells us that once he had swallowed his humiliation, he duly attended the Cabinet meeting. He claims that after two hours of discussion, the ministers gave him the go-ahead to pursue negotiations on the basis of the text he had sent to the Eurogroup the night before. Varoufakis provides no details of the discussion at this meeting, nor of the people who were present.

Fortunately there are other sources available to glean a correct idea of the discussions which took place in this special sitting of a restricted cabinet. There follows an excerpt of an article by a well-informed journalist from the Greek daily, *Kathimerini*: *âEurosoeInternal friction between government leaders was clear to see at yesterdayâEuros"s Cabinet meeting, where the Minister of Productive Reconstruction, Environment and Energy, Panagiotis Lafazanis, expressed strong reserves about privatizations that concerned his own ministry but also about the governmentâEuros"s commitment to harmonizing the electricity and natural gas markets with EU market norms and legislation. Mrs Nadia Valavani [92]* raised the question of the rapid settlement of debt arrears. However murmurs of disapproval could be heard from other ministers, displeased that they had not seen the text in its final form before it had been sent.âEuros [93]

> Varoufakis claims that at that point, he should have ended negotiations

Next Varoufakis participates in the Eurogroup meeting by teleconference. The representative of the Commission declared up front that the list of measures that Varoufakis had sent *âEurosoedoes not substitute the MoU, which constitutes the official legal basis for the programme.âEuros* (p.288). Mario Draghi said the same thing, as did Christine Lagarde.

Varoufakis claims that at that point, he should have ended negotiations and incited Tsipras to implement the unilateral measures that he, Varoufakis, had proposed to Tsipras, Papas and Dragasakis, starting with a haircut for Greek bonds held by the ECB and setting up a parallel payments system. [94]

âEurosoeInstead, disastrously, I opted for the soft alternativeâEuros (p. 290); and to the Eurogroup he declared by telephone, *âEurosoeWe shall insistâEuros¦ that the review be completed on the understanding that this governmentâEuros"s list of reforms is the starting-point.âEuros* (p. 291).

Varoufakis barely mentions the important debate within SyrizaâEuros"s parliamentary group

On the evening of 25 February and until late into the night, SyrizaâEuros"s parliamentary group held a crisis meeting. In his book, Varoufakis mentions it once, very vaguely, in a single line and with no date given: *âEurosoeThe grumblings of some Syriza MPs notwithstanding, the mood across the land was ebullient.âEuros* (p. 305). [95] An endnote provides a little more information: *âEurosoeAt a specially convened tumultuous parliamentary party meeting I spent a good hour on the podium explaining why the extension had been necessary, taking personal responsibility for the whole affair, while Alexis, Pappas and Dragasakis looked onâEuros* (Note 1, p. 526).

Members of Parliament and government ministers other than those in the war cabinet were inadequately informed about the negotiations

In fact at the meeting of Syriza MPs, about a third were opposed to the 20 February agreement. Among these were the President of the Hellenic Parliament, Zoe Konstantopoulou, and all the ministers and deputy ministers of the Left Platform (P. Lafazanis, N. Chountis, D. Stratoulis, C. Ysichos) as well as Nadia Valavani, Deputy Minister of Finance, and Thodoris Dritsas, Alternate Minister for Shipping and the Aegean. [96]

It is obvious that Varoufakis underestimated the significant opposition that was expressed very early on within SyrizaâEuros"s parliamentary group and among government members, not to mention SyrizaâEuros"s Central Committee. Later, when a vote was held at the meeting of the Central Committee on 28 February and 1st March 2015, 41% of Central Committee members opposed the agreement of 20 February. From VaroufakisâEuros"s account and other sources it is clear that the parliamentary group and government ministers who were not in the war cabinet were not kept fully informed about the negotiations. In fact what transpired was that neither the Cabinet, nor the MPs, nor Syriza officials had been made aware of the decisions made ahead of the agreement. At best, Tsipras would give them a biased briefing afterwards.

On 27 February Varoufakis swore allegiance to the European Commission, the IMF and the ECB

After reporting the 24 February Eurogroup meeting during which he presented measures to be implemented in the context of the Memorandum rather than taking unilateral measures, Varoufakis adds: *âEurosoeThe problem with errors is that, like crimes, they beget new ones. My failure to pull the plug on the 24 February Eurogroup teleconference was to be compounded with an even greater one a few days later.âEuros* (p. 292)

> IâEuros"ll sign the bloody letter without parliamentary approval, send it to the creditors and turn the page. (p. 298)

On 25 February, through the office of the President of the Eurogroup, Varoufakis was summoned by the European Commission, the IMF and the ECB to show allegiance. The Troika wanted the Greek Government to send an official letter to confirm the agreement Varoufakis had given the day before at the Eurogroup conference. After much hesitation, he agreed to sign the template letter that the Troika had prepared. *âEurosoeAccepting the creditorsâEuros" words in full and without any emendation in a request of this nature was pure poison: it would suggest that we had not wrung the extension from them on our terms, but that the troika had chosen to impose it on theirs.âEuros* (p. 296). Varoufakis was aware of the extreme gravity of the decision to be made. Signing the template letter meant that the current memorandum was extended along terms dictated by the Troika.

Varoufakis acknowledges that the letter was so outrageous that Tsipras considered it unthinkable to sign it and inform parliament. Varoufakis asked him, *âEurosoeAre you sure you cannot go to parliament, tell it as it is, secure a vote that authorizes me to sign the letter and turn the page? He looked tired and depressed as he turned to Sagias, who, looking the same, advised him against it.âEuros* (p. 298)

Varoufakis then suggested he should do the dirty work: *âEurosoeIn that case, Alexi, . . . I shall take sole responsibility. IâEuros"ll sign the bloody letter without parliamentary approval, send it to the creditors and turn the page.âEuros* (p. 287).

Varoufakis reports that in the early hours of 27 February, *âEurosoeI signed the formal letter of request and, with revulsion in my stomach, had it sent to the creditors. It was a thing of darkness. And I had acknowledged it as mine.âEuros* (p. 300).

On 27 February, Varoufakis retains Chouliarakis in his post

According to Varoufakis, on 26 February, following ChouliarakisâEuros"s double game (not only had he concocted a document with Declan Costello, of the European Commission, but he had also failed to forward Varoufakis an important message from the Eurogroup on 21 February), Tsipras advised him to get rid of such an unreliable collaborator. Varoufakis refused. On the following day, Tsipras changed his mind and accepted that Chouliarakis should stay.

Let us briefly go back to VarourafkisâEuros"s account.

Varoufakis writes that in the late morning of 27 February 2015, he went to the Maximos Mansion to tell Tsipras what he intended to do about Chouliarakis, *âEurosoeThe idea was to promote him from chair of the Council of Economic Advisers to general secretary for fiscal policy, a position of higher rank in the ministry but one in which he could do relatively little damageâEuros* (p. 301). Though unhappy about the proposal, Tsipras agreed, and Varoufakis told Chouliarakis, who refused point blank and brought in blackmail: *âEurosoeIt is your decision, Yanis. Just know that if you decide to take the Council of Economic Advisers away from me, I shall not accept the general secretariat for fiscal policy, nor any other position in the government. I shall instead go to the Bank of Greece, where Stournaras has a position ready for me.âEuros* (p. 302).

Varoufakis comments: *âEurosoe[...] not in my worst nightmare had I expected the reply he gave me. . . . The mask was off. The cynicism was extraordinary. He had just told me, quite brazenly, that he was ready to work directly for the troika rather than sever his privileged links with the troikaâEuros"s functionaries in my ministry. Not only this, he had openly admitted that he was already in cahoots with the troikaâEuros"s primary ally, the governor of the Greek Central Bank, who had begun the bank run in the run-up to our election as part of their bid to keep us from office. I was aghast.âEuros* (p. 302). Varoufakis then took ChouliarakisâEuros"s response back to Tsipras, who, most astonishingly, decided to let things be.

> Varoufakis accepted setback after setback until 6 July 2015, and never made public either his disagreements or his alternative proposals

VaroufakisâEuros"s comment about those extremely serious events clearly points to his inconsistency. He blames himself for not âEurosoepulling the plugâEuros on the Eurogroup during the 24 February teleconference while claiming that this mistake was based on his conviction that Tsipras would be in a position to radically dismiss the Troika at some later point. Next he states that he lost this illusion on 27 February: *âEurosoehad I had that glimpse into the abyss before I entered the Eurogroup teleconference of 24 February, I would have most definitely pulled the plug on the Troika there and then. The only reason I had not done so was my conviction that Alexis could be counted on to trigger the rupture at a later, commonly agreed, stage if need be. That conviction evaporated when he apologized for ChouliarakisâEuros"s outrageous threat to work for the enemy.âEuros* (p. 304). He adds, *âEurosoeI should have confronted AlexisâEuros"s backtracking âEuros" in public if necessary.âEuros* (p. 304).

But he did nothing of the sort. As we shall see, Varoufakis accepted setback after setback until 6 July 2015, and never made public either his disagreements or his alternative proposals.

My testimony on the events of January-February 2015 and the period before

During my missions in Greece I met Alexis Tsipras

As mentioned in the Part 3 of this series (http://www.cadtm.org/How-Tsipras-with-Varoufakis-s-aid), I was personally involved in supporting the launch of the initiative for a citizensâEuros" audit of Greek debt at the end of 2010. [97] I went to Athens eight times between 2011 and 2014 in order to take part in events on the issue of the Greek debt and on the need to reject the policies imposed by the Troika. The point was also to develop international solidarity with the Greek peopleâEuros"s resistance. I studied the issue of Greek indebtedness in depth and this resulted in a number of articles and interviews.

During my missions in Greece, I met Alexis Tsipras, SyrizaâEuros"s main leader, and other leading figures of SyrizaâEuros"s left-wing, particularly Costas Ysichos, who became Alternate Minister of National Defence in January 2015, and Antonis Ntavanelos, who led the DEA branch within Syriza and is now a member of Popular Unity. I had the opportunity to meet and debate and closely collaborate with comrades from various member organizations in the extra-parliamentary radical left coalition Antarsya, particularly Leonidas Vatikiotis from NAR and Spyros Marchetos. I had known some of them since the end of the 1990s and the beginning of the 21st century when a strong Greek delegation had participated in mobilizations against the G8 summit in Genoa in July 2001. IâEuros"d kept in touch regularly with Greek comrades through networks such as the European Social Forum, where Greek participation was significant between 2002 and 2006, [98] or the European Marches against Unemployment.

Several Syriza leaders, such as Tsipras, Tsakalotos or Valavani, and Antarsya leaders, such as Yanis Felikis and Tassos Anastassiadis, and also leaders of the SEK, an organization related to the British SWP, were extremely active in European networks, as indeed was Giorgos Mitralias, who had participated in the launching of Syriza and who was active in the network for European Marches, particularly. From 2011 on, the CADTM also closely collaborated with Sofia Sakorafa, a Syriza MP, formerly a Pasok MP, and with the jurist George Katrougalos, a former member of the Greek communist party (KKE), who was to become alternate minister in the Tsipras government and is now Alternate Minister for Foreign Affairs. Since late 2010 I have been in regular contact with Costas Lapavitsas, who became a Syriza MP in January 2015. I was also in regular contact with Yanis Tolios a close collaborator of Panagiotis Lafazanis. Tolios was active in the audit of the Greek debt. In October 2012 I also had a long interview with Manolis GlÃ©zos. I had admired his unflinching rebellious stance ever since he wrenched the Nazi flag from the Acropolis on 30 May 1941. I also collaborated from time to time with the Nikos Poulantzas Institute, which is close to the majority tendency within Syriza and deeply Euro-communist. When meeting Tsipras in October 2012, I had come upon John Millios, who was one of the people in charge of economic matters within Syriza until the end of 2014. I knew a dozen young people aged between 20 and 30 in 2011âEuros"2015 who had mobilized in favour of auditing the debt. Lastly, I was in touch with Greek trade unionists, most of them members of Syriza or Antarsya.

I became convinced that Tsipras wanted to avoid any confrontation with creditors

During contacts before the January 2015 elections I had become very critical of Alexis TsiprasâEuros"s attitude. A key moment was a meeting with Tsipras in his office at the Greek parliament in October 2012. From the start of our conversation, which lasted about an hour, I realized that he had given up on the positioning he had defended during the two election campaigns in May and June 2012. As a representative of the CADTM, I suggested that we strengthen the campaign to delegitimize the creditors of the Greek debt and to support a citizensâEuros" audit of the debt so that we could use its findings when Syriza came to power. I realized then that, regarding the countryâEuros"s public debt, he was retreating from what he had demanded in May and June 2012 in front of the Greek electorate, thatâEuros"s to say: *âEurosoeThe creation of an international debt audit committee combined with suspension of repayment of the debt until the end of the committeeâEuros"s work. Â»* [99]

I met Alexis Tsipras for a second small meeting in October 2013, along with the Syriza MP Sofia Sakorafa, who was deeply involved in the citizensâEuros" audit of Greek debt and had collaborated more and more actively with the

CADTM, attending an international CADTM meeting in Brazil in October 2011. The conversation with Tsipras in October 2013 lasted just over one hour and strengthened my conviction that he wanted to avoid any confrontation with creditors. He clearly thought, without putting it into words, that the orientation he had himself stood for in May-June 2012 was too radical, as indeed was the CADTMâEuros"s position. He considered that it was possible to use âEurosoepro-EUâEuros arguments to persuade creditors to grant Greece significant debt relief.

My own analysis of Greece and the Eurozone had changed. From the summer of 2013 I had become convinced that leaving the Eurozone was an option to be considered by countries of the European periphery, notably Greece. [100] But I did not discuss the issue with Tsipras since the point of the meeting was to prepare a large-scale European conference on the debt and on alternatives to neoliberal policies.

A Syriza government had to be ready to take radical, unilateral, measures

By the end of the October 2013 meeting with Tsipras I was firmly convinced that the new orientation Tsipras had adopted would result in failure for the Greek people if radical forces in Greece within and outside Syriza did not mobilize to uphold the demands announced in May-June 2012 and prepare a Plan B to complement TsiprasâEuros"s Plan A. And of course it all depended on what would happen in Greece within the social and political Left. The decisive element would be popular pressure.

There was reason for concern when looking at the social and political Left: SyrizaâEuros"s leaders around Tsipras were bent on avoiding confrontation with the EU establishment or with major Greek capitalists. They were giving up on the demand for a citizen audit of the debt and suspension of payments while it took place. [101] SyrizaâEuros"s left wing was for a suspension of payments but was not strongly in favour of an audit. The extra-parliamentary radical Left, including Antarsya, was opposed to an audit of the debt, considering that people were already convinced that the whole of the countryâEuros"s public debt had to be cancelled. A majority of Antarsya members considered that an audit would only give legitimacy to an illegitimate debt. The KKE (Greek communist party) saw partisans of an audit as agents of imperialism. Anarchists had no interest whatsoever in auditing the debt.

During the two European conferences that were held in Brussels and to which Tsipras, Tsakalotos, Millios and myself had been invited in March and in April 2014, I insisted on the need for a Plan B. In October 2014 I also stated in a major newspaper in Athens, •*fimerida ton Syntakton* (Journal of Editors), close to Syriza, [102] that SyrizaâEuros"s proposals would meet with the opposition of the European Union and that a Syriza government had to be ready to take radical and unilateral measures. The box below reproduces an excerpt from the interview.

INTERVIEW Eric Toussaint interviewed by Tassos Tsakiroglou, a journalist from the Greek daily, •*fimerida ton Syntakton* (Journal of Editors) (www.efsyn.gr)

Alexis Tsipras has called for an international conference for the abolition of the debt of the Southern European countries that are affected by the crisis, similar to what was done for Germany in 1953, when 22 countries, including Greece, cancelled a large part of the German debt. Is this a realistic possibility today?

This is a legitimate demand. Unlike Nazi Germany, Greece has not caused any conflict on European soil. The Greek people can strongly insist that the Greek debt is illegal or illegitimate and should be cancelled, just as the German debt was in 1953. However, I donâEuros"t think that Syriza and other European political forces can convince the European institutions to get together around a table to do the same as was done for Germany in 1953. Although this request is legitimate, and this is why I have supported the Tsipras candidature to the Presidency of the European Commission, it will not be possible to bring the governments of the main European economies and the EU institutions to the table on this agenda.

The experience of the last ten years has shown that unilateral sovereign acts can get results. The creditors that reclaim the payment of an illegitimate debt and impose violent measures that attack fundamental human rights, including economic and social rights, must be refused. I think that Greece has strong arguments for forming a government that would have popular support for working in this direction. Such a popular leftist government could establish a debt audit committee that would include a large popular democratic participation. This audit committee would unilaterally suspend repayments and finally repudiate the part of the debt that it identifies as illegal and/or odious.

In Greece, Syriza is topping all the polls and several of its leaders have declared that any debt negotiation will be done within the Eurozone context and will not be a unilateral decision. What do you have to say about this?

Yes, I know the official Syriza position. Personally, I try to show that another way is possible. ItâEuros"s clear that most of the Eurozone governments and the ECB will not agree to an important reduction of Greek debt. So, in spite of SyrizaâEuros"s willingness to negotiate, I think it will be impossible to come to terms with all. This requires a more radical approach - there is no other possibility - just as was done by Iceland after 2008, Ecuador in 2007 âEuros" 2009 and Argentina between 2001 and 2005.

Since then, those governments have made a series of mistakes and abandoned their radical positions. This why they are in great difficulty today, as is the case of Argentina, that I have recently visited. The Argentine parliament has passed a law that means Argentina must, from now on, act in a sovereign fashion in the management of its debt. It was agreed to create a Congressional Audit Committee that will sit for three months; we will see whether this does come about.

You have said that reducing public debt is necessary, but not sufficient to bring the EU countries out of the crisis, that other strong measures will be necessary in different sectors. Can you, briefly, tell us more?

First of all, nationalize the banks - I prefer to use the term socialization. I think that the Greek banks, and the banks of other countries, should become public and be put to the service of the population, in a framework of strict regulations imposing the rules and the objectives fixed by the population. Controlling the circulation of capital is also essential, in particularly that made by the big financial institutions. I am not talking about remittances of 1,000 or 2,000 euros, but large sums, which would require authorization by controlling authorities, without which a guilty bank would be sanctioned by heavily dissuasive fines and the revocation of its banking licence. This measure must be seriously applied. It would be a protection for ordinary users who make reasonably-sized international transfers of money. Tax reform is also very important: reduce taxes paid by the majority of the population and greatly increase, on a progressive scale, those imposed on the richest households and international companies, whether national or foreign.

And for Greece?

Syriza made interesting propositions during the 2012 elections. If there is a Syriza government the unjust laws (in particular, those that abolished collective bargaining between labour and employers) that were passed under pressure from the *Troika* must be repealed. Other necessary measures would include: radical tax reform favouring social justice and redistribution of the countryâEuros"s wealth; the abolition of the most unfair taxes paid by the poor and increased taxation of the rich; an audit of the debt and the repudiation of the part identified as illegal and/or odious; socialization of the banks and control of the movement of capital."

The original Greek version of this interview published on 20 October 2014 can be accessed at: http://www.efsyn.gr/?p=245093

When an early election was called at the end of December 2014 for 25 January 2015, the CADTM published a press release that clearly sized up the threats from the European authorities that loomed over the Greek people:

âEurosoeThe CADTM does not have the least doubt about the real intentions of those who have used Greece as a European testing ground for the most extreme neoliberal policies and used the Greeks as guinea pigs for social, political and economic shock therapies. We must be ready for an escalation of their campaign. They cannot allow that Syriza gain victory and be emulated throughout Europe! They will stop at nothing because they are well aware that the result of the Greek elections will be decisive in the social war they are waging against the vast majority of the European population!

âEurosoeIt is because the stakes are so high that we can expect the âEurosÜleadersâEuros" of Europe and of Greece to refuse to accept the result of the poll which, for the first time in Greek history, should bring victory to the Greek left. They will certainly try to stifle the left wing government that will be the democratic result, because its eventual success will be interpreted as tremendous encouragement, to the workers and peoples of Europe, to resist.âEuros [103]

On 2 January 2015, I was contacted by George Caravelis, who introduced himself as an emissary of the Syriza leadership wanting to know what my proposals were concerning GreeceâEuros"s debt. I immediately contacted the Syriza European MP Nikos Chountis, who confirmed that Caravelis had indeed been asked to get my opinion. We had several discussions and Caravelis said that he was convinced of the need to put a debt audit committee in place as soon as possible after the election and the forming of a Syriza government. Based on our discussions, Caravelis sent me the notes he had sent to SyrizaâEuros"s leadership via Chountis. I received no response from the Syriza leadership before the election.

Four days before the election on 25 January 2015, I published an opinion in the dailies *Le Monde* and *Le Soir*, the leading newspapers in Paris and Brussels. The article was entitled âEurosoePour un vÃ©ritable audit de la dette grecqueâEuros (in English: âEurosoeWhat if SYRIZA took the EU at its word and audited Greek debt? Â» http://www.cadtm.org/What-if-SYRIZA-took-the-EU-at-its).

> Syriza could take the European Union at its word by constituting a Debt Audit Committee

My article asked what would happen if a Syriza government decided to apply, to the letter, Article 7 of a regulation adopted by the European Union in May 2013 concerning countries subject to a structural adjustment plan. Paragraph 9 of Article 7 makes the following provision: *âEurosoeA Member State subject to a macroeconomic adjustment programme shall carry out a comprehensive audit of its public finances in order, inter alia, to assess the reasons that led to the building up of excessive levels of debt as well as to track any possible irregularityâEuros* (Regulation EU 472/2013 of 21 May 2013 âEurosoeon common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro areaâEuros .)

The present Greek government, under Antonis Samaras, carefully refrained from applying this regulation. But after an electoral victory, Syriza could take the European Union at its word and constitute a Debt Audit Committee (with citizensâEuros" participation) that would be entrusted with analyzing the process of excessive indebtedness and identifying illegal, illegitimate and odious debt.

In the remainder of that article, I explained that the debt Greece was expected to repay might well be identified as illegitimate and odious. My article was aimed both at making a modest contribution to convincing public opinion of the illegitimate nature of the debts being claimed from Greece and to show the future Greek authorities that they could use a provision of a European Commission regulation âEuros" one we find reprehensible âEuros" as a weapon against the Commission.

That opinion was reproduced in Athens by the conservative daily *Kathimerini*, which asked the question: âEurosoeWhat will a Syriza government do?âEuros

During the election campaign, accompanied by Manolis Glezos, a European Parliament member from Syriza, I made a statement in Brussels in support of the Greek people. I also participated in debates, including with FrÃ©deric Lordon and Serge Halimi (*Le Monde Diplomatique*). [104]

Following SyrizaâEuros"s victory in the 25 January election and the forming of the government on 27 January, I learned that several of my acquaintances had become members of the Syriza-ANEL government.

I went to Athens on 13 February 2015 after having taken part in several conferences in Europe in support of the Greek people and in controversial debates such as the one broadcast on France 2 television on 30 January 2015, during which I was involved in some very heated exchanges with personalities from the Right, including journalist Arnaud Leparmentier of the daily *Le Monde*.

Do you remember that in 2011 Varoufakis refused to support a citizen audit of the debt?

On 13 February I had a meeting with Georgios Katrougalos, with whom the CADTM had been collaborating from 2011, when he became involved as a jurist in the fight for suspension of payments and an audit of GreeceâEuros"s debt. Katrougalos, after being elected European MP representing Syriza in May 2014, had become Alternate Minister of the Interior and Administrative Reconstruction. I told him that I hoped he would help with the creation of an audit committee and the adoption of a firm attitude on the issue of non-payment of the debt. He answered that he would show discipline and follow Tsipras. That response didnâEuros"t augur well for the future. The following day, I had a meeting at the Ministry of Finance with Nadia Valavani, the Alternate Minister. Varoufakis was absent because he was in negotiations in Brussels. As soon as we saw each other, she reminded me warmly that we had been together for the launch of the citizen audit of the debt in 2011. She added âEurosoeDo you remember that in 2011 Varoufakis refused to support a citizen audit of the debt?âEuros and she indicated that she didnâEuros"t trust his political orientation. She then explained the plan she wanted to put into action in order to find a solution favourable to the two million Greek taxpayers who owed the State a debt of less than 2,000 euros. She also wanted to take measures against wealthy Greeks who cheat on their taxes. On 15 February, I had a meeting with Rania Antonopoulos, who had contacted me around 23 January by e-mail to say she agreed with the content of my article in *Le Monde* about GreeceâEuros"s debt and the need for an audit. Meanwhile she had become Alternate Minister for Combatting Unemployment, in charge of creating 300,000 jobs. She explained the struggle she wanted to carry on in order to put an end to the policies that held unemployed persons responsible for their own situation. On 15 February, I took part in a demonstration on Syntagma Square in protest of the Eurogroup and in support of the commitments made by the Tsipras government. 20,000 demonstrators expressed their hope of seeing things change.

The President of the Greek Parliament wanted to initiate an audit of GreeceâEuros"s debt to identify illegitimate, illegal, and odious debt

On Monday 16 February, I was received by the President of the Hellenic Parliament, Zoe Konstantopoulou. The meeting was very positive. Ms. Konstantopoulou wanted to initiate an audit of GreeceâEuros"s debt to identify illegitimate, illegal, and odious debt. She had decided to make the meeting public. The information was picked up by a number of sites. [105] *See the Box with Zoe KonstantopoulouâEuros"s account of our collaboration for the creation of a debt audit committee*.

In the early evening, I met for an hour with the Alternate Minister of National Defence, Costas Ysichos. We discussed the negotiations then being held at the European level and the issue of debt. Costas Ysichos was director of SyrizaâEuros"s Left Platform, which was closest to the CADTMâEuros"s own positions âEuros" that is, that the audit of the debt should be combined with a unilateral suspension of payments.

On 17 February, following Zoe KonstanpoulouâEuros"s discussion of our meeting, Nikos Chountis, the Alternate Minister of European Affairs, wanted to see me. As a member of the left wing of Syriza, he expressed his sympathy for the CADTMâEuros"s proposals, but as a member of the government he told me that Tsipras had a different orientation. He asked me if I would consider working with the government if it should take a more radical orientation towards the debt. As noted above, the contacts I had had with Caravelis from 2 January 2015 had been at the request of Nikos Chountis, but had not led to positive results.

Zoe KonstantopoulouâEuros"s testimony on collaboration to set up the Debt Audit Committee

The keen memory I had of Eric Toussaint, whom I had never met in person, went back to the big youth festival organized by Syriza in October 2012, when the party had become the leading opposition party, when the future was wide open. Eric had delivered a fiery speech which had lifted me up as well as the crowd (in English http://www.cadtm.org/Eric-Toussaint-The-Greek-people).

He himself has no recollection of the event, as he later told me, for he was particularly downcast, having noticed on that very day that Tsipras was already going back on his commitments about auditing and cancelling the debt âEuros" something most of us who were not involved in the coming betrayal were unfortunately very slow in understanding.

In my opening speech as President of Parliament on 6 February 2015, immediately after I was elected, I announced that the Parliament would actively contribute to auditing and cancelling the debt.

During the first meeting of the parliamentary group after this session the representatives of the Greens had asked with some anxiety whether it was âEurosoeallowed to say such things when negotiations were under way, whereas the Prime Minister and the Finance Minister never use such terms.âEuros I answered that this was part of the programme on which we had been elected and that we had not only to say these things in public but to actually carry them out. Nobody dared speak up at this point. However, it was already clear that the Government itself would take no initiative related to auditing or cancelling the debt and that the parliamentary group was powerless as to how things would develop.

It soon became clear that such an initiative had to rely on people with the needed knowledge but also with similar experience in the field of debt auditing and the repudiation of odious and illegal debts. Eric Toussaint was obviously the emblematic figure in this struggle; he fervently repeated in his public speeches and visits to Greece that debt had to be audited and that insofar as it turned out to be odious, illegal, illegitimate and/or unsustainable, it had to be cancelled. This position is consistent with international law, international protection of human rights and with international humanitarian law.

16 February 2015: my first meeting with Eric Toussaint

Our first meeting was short. I was aware of his precious experience and of his contribution to debt auditing, particularly his participation in the committee for the audit of the debt in Ecuador. To me it was obvious that for decades he had disinterestedly contributed not only to exposing the way debt is used as a device to subjugate peoples, but also to the struggle to liberate peoples and citizens from the burden of illegitimate debt. I wanted him to talk about his experience, and everything he said was indeed inspiring.

I then asked him whether heâEuros"d be willing to undertake auditing the Greek debt on behalf of the Greek Parliament and whether he could stay in Greece and meet with me again the following week to discuss exactly how the audit would be carried out. He answered âEurosoeYesâEuros to both questions. I then asked for a parliamentary press release about my meeting with Eric Toussaint to be immediately published, so that the message would be out: we are working to carry out our commitments.

Towards setting up the Truth Committee on Greek Public Debt

The next days were dense and dramatic. The President of the Republic was elected on 18 February 2015. The agreement of 20 February 2015 was made public. When I read the content of the agreement in the media on the same day, I felt the earth quake under my feet: it acknowledged the debt and committed Greece to paying it back. I had to see Tsipras at once. I met him on the following day, 21 February, in his office in Parliament, immediately after his meeting with the other ministers. Flambouraris was waiting outside, and kept coming in and urging him to leave for Aegina with him.

I told Tsipras that this agreement was nothing less than another Memorandum and that we had to extricate ourselves from it as soon as possible. That we had to change the wording used about the debt at once through official communications from all involved. That we had to follow a clear strategy, carry out a debt audit, act upon GermanyâEuros"s debts towards Greece after the Nazi invasion and occupation during the Second World War, open the Siemens case and all cases of corruption. Tsipras was trying to convince me that the agreement was not a Memorandum. He claimed that the debt acknowledgement only concerned payments over the coming four months; yet at the same time he reluctantly agreed to my suggestions.

I was there when he explained to Pablo Iglesias, leader of Podemos, that âEurosoewhat we have won is not white, nor is it black; we have managed to achieve grey.âEuros

I left this meeting after telling Tsipras that I would immediately set out to audit the debt within Parliament and would set up a Committee on German debts, with his agreement.

A few days later I met Eric again. He was worried and dejected. I started talking about the committee we had to set up to carry out the audit of the debt. I told him I was thinking of a committee in accordance with a special provision in the ParliamentâEuros"s regulations that allowed the President of Parliament to set up committees consisting of extra-parliamentary members on issues that are not related to those dealt with by Parliament on an everyday basis. I explained that I thought of this committee as both international and national, consisting of people with expertise and ordinary citizens, and that its mission would be to decode the conditions under which the Greek public debt had been created and increased and to draft the arguments necessary to repudiate any part of the debt that turned out to be illegal, odious or unsustainable. His response was positive but still cautious.

âEurosoeI can see that you have something on your mind. I want us to talk about it franklyâEuros , I said.

âEurosoeZoe, IâEuros"m really anxious. How do you stand on the 20 February agreement? âEuros

âEurosoeEric, I see this as a real slap in the face. I said so to the Prime Minister and told him I intended to launch the initiatives needed to overthrow the agreement, and he agreed. The debt audit committee of which IâEuros"d like you to be scientific coordinator of is a crucial initiative in this direction.âEuros

He still looked at me somewhat quizzically.

âEurosoeAs to what you are worried about, so far as I understand, this is what I can say: I formally warned the Prime Minister against introducing the agreement in Parliament.âEuros I repeated the same thing at the meeting of the parliamentary Group on the following days. When it was voted on within the Group on 25 February, I voted NO to the text of the agreement, which sparked off our divisions and turned me into a target. *âEurosoeWhat I can tell you is that if the agreement should be introduced in Parliament, I will vote against it.âEuros*

At this he lit up and looked relieved. I could see that he was still worried by the developments generally but it was important for him to know that he could rely on our full understanding. Much later he told me that indeed it had been a turning point for he had understood that the person who was asking him to commit himself to this frontal struggle against subjugation mechanisms was ready to match her words with actions.
That is how it all began.

âEurosoeI want you to act as the CommitteeâEuros"s Scientific Coordinator and to tell me what you expect of meâEuros , I said.

âEurosoeYou must chair the CommitteeâEuros"s work, to make sure that everything goes smoothlyâEuros , he said.

This is how the first and to date only institutional committee on debt audit was set up in an EU country.

In a most straightforward way.

Between people of their word.

Source: Zoe Konstantopoulou, âEurosoeGreece, our struggle against odious and illegitimate debtâEuros
http://www.cadtm.org/Greece-our-struggle-against-odious

Conclusion

> A very different orientation from the one adopted by Varoufakis and the small circle around Tsipras should have been taken

Varoufakis misrepresents the debates that took place among the public authorities in Greece and within Syriza in February 2015. He limits the debate on the possible options to what went on within the small circle of people around Tsipras and of which he was a member. He minimizes the opposition to the choices that were made by that circle by referring to *âEurosoeThe grumblings of some Syriza MPsâEuros* when in fact the opposition within the Syriza parliamentary group and within the government amounted to roughly a third of all members. Within the Syriza Central Committee, opposition was at 41%. What is more, since Tsipras and he presented the concessions they made in a biased way, some of the MPs and ministers, while they had doubts, supported the orientation that was taken âEuros" without enthusiasm and in the hope that Tsipras, who had their full trust, would lead the government and the negotiations in the right direction.

I maintain, as do others, that a very different orientation from the one adopted by Varoufakis and the small circle around Tsipras should have been taken. To apply the Thessaloniki Programme, the Tsipras government would have had to take the following initiatives and measures:

The debt audit with citizen participation should have been launched and debt repayment should have been suspended, beginning with the debt to the IMF

- make public the governmentâEuros"s five or ten priorities in the negotiations, in particular as regards debt, while very clearly denouncing the illegitimate nature of the debts whose repayment the Troika was demanding;
- establish contacts with the social movements and âEuros" in the name of the government or of Syriza âEuros" urge the creation of solidarity committees in as many countries as possible, in parallel with the negotiations with the creditors, in order to develop a broad solidarity movement;
- refuse to engage in secret diplomacy;
- develop international channels of communication in order to get past the gate-keeping of the dominant media;
- use the provisions of European Regulation 472 regarding auditing of debts, launch the audit with citizen participation and suspend debt repayments beginning with the debt to the IMF. Remember that Tsipras, in presenting the Thessaloniki Programme, had declared: *âEurosoeWe demand immediate parliamentary elections and a strong negotiation mandate with the goal to:*

  - *Write off the greater part of public debtâEuros"s nominal value so that it becomes sustainable in the context of a âEurosÜEuropean Debt Conference.âEuros" It happened for Germany in 1953. [106]* It can also happen for the South of Europe and Greece.
  - Include a âEurosÜgrowth clauseâEuros" in the repayment of the remaining part so that it is growth-financed and not budget-financed.
  - Include a significant period of grace (âEurosÜmoratoriumâEuros") in debt servicing to save funds for growth.
  - Exclude public investment from the restrictions of the Stability and Growth Pact.âEuros [107]

- put an end to the Memorandum of Understanding in conformity with the commitment made to the Greek people at the time of the 25 January election. Tsipras had declared *âEurosoeWe assume responsibility and are accordingly committed to the Greek people for a National Reconstruction Plan that will* ***replace the Memorandum as early as our first days in power, before and regardless of the negotiation outcome***.âEuros [108]
- establish oversight over movements of capital;
- adopt a law on banks to ensure that the public authorities have oversight over them. Tsipras had announced on 13 September 2014 in Thessaloniki: ***âEurosoeWith a Syriza government, the public sector will regain its control over the Hellenic Financial Stability Fund (HFSF) and it will have rights over recapitalized banks. [109]*** This means that the public sector will now decide how the banks are run.âEuros ; [110]
- adopt a law cancelling private debts to the State, for example for debts of less than 3,000 euros. Such a measure would have immediately improved the situation of 3.3 million taxpayers (including 357,000 SMEs) who owed less than 3,000â ¬ (including penalties); [111]
- radically reduce the VAT on basic goods and services;
- roll back the cuts in retirement pensions and the minimum legal wage;
- implement the emergency plan to ease the humanitarian crisis called for in the Thessaloniki Programme;
- implement a parallel/complementary payment system;
- replace Stournaras by a competent and trustworthy person at the head of the central bank;
- prepare for new reprisals by the European authorities, and therefore for a possible exit from the Eurozone.

[112]

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The author is solely and entirely responsible for any errors or omissions contained therein.

Translated for CADTM by Suchandra de Sarkar, Mike Krolikowski, Christine Pagnoulle, Snake Arbusto, and Vicki Briault Manus.

[1] This article consists of Parts 5-7 of the article, which was originally published in 7 parts. Parts 1-4 are here Yanis VaroufakisâEuros"s Account of the Greek Crisis: a Self-Incrimination Pt 1

[2] Yanis Varoufakis, *Adults in the Room: My Battle with EuropeâEuros"s Deep Establishment*(London, The Bodley Head 2017) Chapter 5.

[3] To understand what this is all about, read Ã0ric Toussaint, ECBâEuros"s odious profits on the backs of the Greek people

[4] Yanis Varoufakis, *Adults in the Room*, Chapter 5. See also note 15 for this Chapter where Varoufakis goes into more details.

[5] Tsakalotos was considered to be a part of SyrizaâEuros"s centre-left contingent, known as the group of 53. As I wrote in Part 3 of this series, I met Tsakalotos in spring 2014 in Brussels and realised straightaway that he opposed all radical positions on the debt issue. He did not at all support a Plan B in case SyrizaâEuros"s conciliatory attitude towards the creditors failed to get results in terms of debt reduction. The subsequent events clearly showed that Tsakalotos became complicit in an orientation that led to the July 2015 capitulation. Then he became just one more politician who continuing the offensive against social rights.

[6] Stathakis clearly belonged to SyrizaâEuros"s right wing and, just like Varoufakis, vehemently opposed SyrizaâEuros"s radical position on the debt issue. He was the Minister of Economy in the first Syriza government from January 27 and managed to keep his ministerial post, even in the second Tsipras government from September 23, 2015, by dint of his support for the capitulation. Varoufakis writes in his book: âEurosoeI never felt the slightest animosity towards Stathakis. His views had been clear from the beginning: we should accept whatever the troika presented us with.âEuros (Varoufakis, Chapter 14)

[7] Varoufakis, *Adults in the Room,* Chapter 5

[8] Varoufakis, Chapter 5.

[9] Varoufakis, note 10 for Chapter 6

[10] See the first part of this series: Ã0ric Toussaint, *Yanis VaroufakisâEuros"s Account of the Greek Crisis: a Self-Incrimination âEuros" Part One: Proposals Doomed to Fail*

[11] Wassily Kafouros was a friend of Varoufakis who helped him out in the ministry. It was he who, just over a year before, had warned Varoufakis that the Greek bankers were friends with Dragasakis and that Varoufakis should keep his eyes open.

[12] Varoufakis, *Adults in the Room,* Chapter 6.

[13] Varoufakis, Chapter 6.

[14] Varoufakis, Chapter 6.

[15] This is how Varoufakis describes the scene: when the press conference of January 30 ended, Jeroen Dijsselbloem *âEurosoejumped to his feet to storm out. But I had managed to stand up at the same time and offer him my hand. Somewhat thrown by my gesture, and as he had to walk past me to reach the exit, he awkwardly took my hand in his without stopping. The photographers pounced. Their pictures showed an ill-mannered Eurogroup president rudely brushing past me before the customary handshake had been completed.âEuros* He goes on to add: âEurosoeThe streets of Athens would never be the same for me after that press conference. Taxi drivers, suited gentlemen, old women, schoolchildren, policemen, conservative family men, nationalists and far-Left recalcitrants alike âEuros" a whole society whose sense of pride and dignity had been offended by the previous governmentsâEuros" servitude to the troika and its political bosses âEuros" would stop me in the street to offer thanks for that brief moment.âEuros Yanis Varoufakis, *Adults in the Room,* Chapter 6. Stathis Kouvelakis, who was then a member of SyrizaâEuros"s Central Committee, describes the Varoufakis phenomenon in this way: *âEurosoeWe must say a few words about the immense impact that the phenomenon called Varoufakis had. ItâEuros"s rather ambiguous. Certainly there is some political theatre involved with it and that contributes to depoliticising the situation. But it is not only that: Yanis Varoufakis was considered to be really different, and this could not be narrowed down to his looks (...) Apparently this went alongside his assertion of a genuine political dissent. The Varoufakis phenomenon certainly would not have occurred had he*

not exploded in one of his first official appearances and in the presence of Jeroen Dijsellbloem, the president of the Eurogroup: âEurosÜGo hang yourself! We want nothing to do with the Troika anymore!âEuros" Apparently it was a breach in the system, certainly with some very superficial elements, but it also expressed the desire to leave the current political framework, a desire which temporarily found its signifier in Varoufakis.âEuros Stathis Kouvelakis, *La GrÃ¨ce, Syriza et lâEuros"Europe nÃ©olibÃ©rale, Entretiens avec Alexis Cukier* (in French) (Paris: La Dispute, 2015) (Translation: CADTM)

[16] Yanis Varoufakis, *Adults in the Room,* Chapter 4.

[17] I cited those six measures, with my comments, in the first article of this series. See the first part of this series: Ã0ric Toussaint, [*Yanis VaroufakisâEuros"s Account of the Greek Crisis: a Self-Incrimination âEuros" Part One: Proposals Doomed to Fail*]

[18] Yanis Varoufakis, *Adults in the Room,* Chapter 4.

[19] The citations within quotes have been directly reproduced from https://www.syriza.gr/article/SYRIZA---THE-THESSALONIKI-PROGRAMME.html and the rest of the citations have been translated from *Ensemble!*. Emphasis added by the author.

[20] Varoufakis did not support this demand. He proposed a debt swap (by changing the debt repayment deadlines and by cutting down the rate of interest) without reducing the debt stockâEuros"s nominal value.

[21] During the London Conference, on February 27, 1953, the Federal Republic of Germany decreed a 62.6% debt reduction with the consent of 21 of its creditors, including the United States, Great Britain, France, Italy, Switzerland, Belgium, Greece, etc. See: Eric Toussaint, *The cancellation of German debt in 1953 versus the attitude to the Third World and Greece* GreeceâEuros"s debt was not reduced despite TsiprasâEuros"s capitulation.

[22] This means that such expenses would not be considered while calculating the deficit. This directly contravenes the European CommissionâEuros"s stipulations.

[23] The President of the Greek Parliament had launched a Commission, but the government did not bother to use its findings during its negotiations with Germany.

[24] This promise was not kept and on February 20, 2015 the government agreed to extend the Memorandum.

[25] In fact, the only steps taken during the six months of the first Syriza-ANEL government were the 100 instalments that allowed the taxpayers with financial obligations to the State to regularise their accounts and to recover a legitimate fiscal identity, necessary for engaging in any economic activity. This measure lost its steam in August 2015, thanks to a specific article of the third Memorandum.

[26] Greece has not yet been able to provide free electricity to the poorest households.

[27] Nothing materialised in 2015, the year of âEurosoenegotiations with the creditors.âEuros In December 2016, Tsipras announced a âEurosoeParallel PlanâEuros which provided for a Social Solidarity Income. As of end 2017 it has so far been allocated to 280,000 households, comprising around 620,000 people.
It is expected that 700,000 people living in extreme poverty in Greece will benefit from it in 2018. This monthly allowance is determined by each householdâEuros"s income and property and comes with various services such as free school meals, free health care and medicines, access to municipal social services (social grocery stores, etc.). Please note that 35.6% of Greeks are living below the poverty line at end 2017.

[28] Since May 2016, all Greeks, with or without social security, have free access to medicines and medical facilities. This is also applicable to asylum seekers and vulnerable people. However the health system has been steadily deteriorating since the first Memorandum, leading to severe medicine shortages, long queues and overloading of services in the hospitals, closures of entire provincial facilities, lack of staff and funds etc.

[29] Nothing has been done so far.

[30] The Katrougalos law of 2016 amended the pension scheme and introduced reduced auxiliary pensions with the goal of saving 1% of GDP by 2019. New supplementary pensions have not been granted since January 2015, while this law will phase out the EKAS benefits applicable to the lowest pensions by 2020.

[31] Unemployed people in possession of an OAED card benefit of an exemption on urban transportation

[32] On the contrary, the fiscal situation of SMEs took a nosedive with the third Memorandum, which imposed an advance payment (by next December) of 50% of the VAT (increased to 24%) on the turnover expected for the following year.

[33] âEurosoeBurden ReliefâEuros or Debt Cancellation, was a measure introduced by Solon, Athens, in the 6th century B.C.E, to help debt-ridden people. See Daphne Kioussis, [âEurosoeSolon et la crise dâEuros"endettement dans la citÃ© athÃ©nienne-14972]âEuros (in French) - (*Solon and the debt crisis in the city of Athens*).

[34] Farmers in particular came in the crosshairs of the third Memorandum signed on July 13, 2015: a major hike (from 7% to 20%) in the social-security contributions for pensions; advance payment of 50% of VAT on the profits estimated for the following year; cancellation of the exemptions on diesel fuel; and withdrawal of a series of subsidies.

[35] Between 2014 and October 2017, while the Tsipras government was pursuing the same policies it denounced in 2014, tax arrears increased from â ¬68 billion to almost â ¬100 billion. Since January 2017, the Independent Authority for Public Revenue (which replaced the tax department of the Ministry of Finance) conducted raids for property seizures without sparing primary residences.
 The total tax liabilities in August 2017 were â ¬95.65 billion, including â ¬5.48 billion for the year 2017 alone, and 3.8 million indebted taxpayers. Among them 2.4 million taxpayers, persons or legal entities, have a debt of â ¬1 to â ¬500, for a total sum of â ¬340 million. They are unable to pay even this amount.

[36] The ENFIA has not been withdrawn. It has been slightly modified according to the geographic location or the condition of the properties, and now varies between â ¬400 to â ¬13,000 p.a.

[37] After numerous negotiations, the threshold for taxable income has been set at â ¬8,600 p.a. for a single person and â ¬9,000 p.a. for a couple with two dependent children. The situation is bound to deteriorate because, buckling under the TroikaâEuros"s pressure, the government has lowered the threshold to â ¬5,700 and â ¬6,130 respectively, effective from Jan 1, 2019.

[38] This involved canceling the bank debts of destitute people living below the poverty line.

[39] This promise was not kept. Eric Toussaint, Â«Les Â« fonds vautours Â» prospÃ¨rent sur la misÃ¨re en spÃ©culant sur lâEuros"endettement des particuliersÂ». See also Constantin KaÃ¯makis, Â«GrÃ¨ce : Le mouvement Â« Je ne paie pas Â» Â», (both in French). Not only was this promise broken but the law that protected primary residences from being auctioned (through expensive legal means) will also become invalid from January 1, 2019. Even worse, foreclosed properties are now going to be auctioned online to counter vigorous citizen opposition, and dissenters can be punished by a prison term of three to six months. Finally, in July 2017, Eurobank sold its red bonds at a nominal value of 3% to a Swedish fund called Intrum Justitia AB (Intrum), for a sum of â ¬1.5 billion. See (in Greek)

[40] Varoufakis was opposed to this measure, since he wanted to transfer the *âEurosoeshares and managementâEuros* of the Greek banks to the European creditors. As for the Tsipras government, it has not taken any action yet so that the Greek state can exercise its rights over the recapitalized banks. Moreover, the Hellenic Financial Stability Fund has been left in the hands of the close associates of the private bankers and the European leaders.

[41] The public development bank is yet to materialise. This was one of VaroufakisâEuros"s six priority measures, but he agreed to removing the provision in the agreement with the Eurogroup in February 2015. Yanis Varoufakis, *Adults in the Room*, Chapter 10.

[42] This has not been achieved. The second Memorandum reduced the basic wage to â ¬586, and â ¬510 for those under the age of 25. Since January 1, 2017 it has been raised to â ¬684, regardless of age, but it has not been restored to the level of 2010-2011, i.e. â ¬751.

[43] Since 2015, with every âEurosoereviewâEuros preceding the disbursement of the tranches, labour rights have been violated so that the TroikaâEuros"s diktats could be obeyed. The law decreed in May 2017 paved the way for collective firings, scrapping the mandatory administrative approval and the Minister of LabourâEuros"s veto power. Layoffs will now depend on the job market situation, the companyâEuros"s state of affairs, and the interests of the national economy. Labour rights went further downhill in January 2018 with the adoption of a law that limits the right to strike. Finally, the law keeping retail stores open on Sundays has not been withdrawn, despite repeated protests from the majority of merchants and their employees.

[44] This has not materialized.

[45] This has not materialized because the Development Bank has yet to be established.

[46] During its first six months, the Tsipras government made only partial headway in this regard, despite the efforts of the President of the Greek Parliament. This was due to the arm-twisting by the creditors and TsiprasâEuros"s propensity for secret diplomacy and appeasement.

[47] The Tsipras government fulfilled this pledge in June 2015 but, as Varoufakis points out, by means of appointing a dubious character as the CEO of the state radio and television. This appointment led to strong protests and it disapointed the left immensely.

[48] This has not yet materialized.

[49] In his book, Varoufakis explains why he agreed with the creditors that this 11 billion should not be doled out to the Greek government but repatriated to the EFSF (a private organisation established by the Troika with its headquarters in Luxembourg) instead. To him, the pursuit of that 11 billion was a lost battle. See Varoufakis, *Adults in the Room,* Chapter 9 and footnote 14 for Chapter 9.

[50] Varoufakis, Chapter 5.

[51] Varoufakis, Chapter 5.

[52] Varoufakis, Chapter 5.

[53] As he himself indicates, VaroufakisâEuros" main proposal in terms of debt restructuring is in line with the text entitled *Modest Proposal for Resolving the Euro Zone Crisis*. Carrying out this proposal, which consisted of pooling public debts in the Eurozone, would have involved a joint decision by the governments of the Eurozone so as to provide relief to public finances and to leave austerity policies behind.

[54] Varoufakis, Chapter 5.

[55] Varoufakis, Chapter 5.

[56] Varoufakis, Chapter 5.

[57] Varoufakis, Chapter 5.

[58] Varoufakis, Chapter 5.

[59] Varoufakis, Chapter 5.

[60] Varoufakis, Chapter 5.

[61] Varoufakis, Chapter 5.

[62] Varoufakis, Chapter 5.

[63] See https://www.voanews.com/a/2842559.html

[64] See http://www.cadtm.org/Varoufakis-s-questionable-account

[65] Varoufakis writes: *âEurosoeSince 15 December, when Stournaras accelerated the bank run that Prime Minister Samaras had begun, depositors had withdrawn â ¬9.3 billion from Greek banks, and the rate of withdrawals had hit â ¬1 billion daily. By the time of the election, â ¬11 billion would have found its way abroad or under mattresses. To be able to pay out so much money, the banks had had to increase their dependence on the ECB to the tune of more than â ¬60 billion.âEuros* Varoufakis, *Adults in the Room*, Chapter 5.

[66] Varoufakis sums up the import of StournarasâEuros"s speech at the annual meeting of the Central BankâEuros"s shareholders in Athens on 26 February: *âEurosoeI realized it was the kind of speech that Antonis Samaras, the former prime minister, would have made had he defeated us on 25 January: a paean to the previous governmentâEuros"s policies, a repetition of the lie that Greece had been recovering prior to our election, a total espousal of the troikaâEuros"s agenda and a series of veiled threats against the government.âEuros* Varoufakis, Chapter 10. He also writes *âEurosoeAs for Governor Stournaras, he was the troikaâEuros"s local functionary in more ways than one.âEuros*

[67] In 2014 already, Varoufakis had claimed that it would not be necessary to replace Stournaras if Syriza came to power. Varoufakis tells about a conversation he had at a meeting with Tsipras, Pappas, Dragasakis, Tsakalotos and Stathakis in June 2014: *âEurosoeâEurosÜIs it a coincidence that three days from today Prime Minister Samaras will transfer Stournaras from the finance ministry to the governorship of the central bank?âEuros" I asked. âEurosÜItâEuros"s obviously a stratagem in anticipation of your electoral victory.âEuros" At that point Alexis grew angry. âEurosÜThe first thing I shall do as prime minister is demand StournarasâEuros" resignation. I will drag him from the central bank kicking and screaming if need be.âEuros" Pappas offered a number of even more drastic solutions to this problem. I pointed out that it hardly mattered who sat in the governorâEuros"s office.âEuros* Varoufakis, Chapter 3.

Another passage in VaroufakisâEuros"s book shows that he told Tsipras he should not get rid of Stournaras: *âEurosoeAlexis had repeatedly told me and others that removing Stournaras was his top priority. Ironically, I had advised moderation and tempered his animosity towards Stournaras, pointing out that the government could not remove the governor of the Bank of Greece without a major clash with the ECBâEuros"s executive council. (. . .) But in trying to contain AlexisâEuros"s fury towards Stournaras, I had created the impression among the Syriza leadership that I was soft on the troikaâEuros"s favourite son in Athens.âEuros* Varoufakis, Chapter 10.

[68] Private banks receive cash with which they buy government securities for profit. Then they deposit these securities as collateral with the central bank in order to obtain liquidity (credit) that they use to buy other public securities (Greek banks are granting less and less credit to the private sector and the share of non-performing loans in their credit portfolio is increasing at a rate of 45% in 2015. So they are lending more and more to the state because it is safer than lending to the private sector). If the central bank limits access to liquidity, banks buy less securities and demand a higher yield, which increases the cost of borrowing for the government.

[69] Varoufakis, Chapter 7.

[70] Varoufakis, Chapter 7.

[71] About the state of necessity as inscribed in the 1969 Vienna Convention on the law of treaties, see CÃ©cile Lamarque and Renaud Vivien, âEurosoeSuspending public debt repayments by legal meansâEuros

[72] Varoufakis, Chapter 7.

[73] Varoufakis, Chapter 7.

[74] Federal Minister of Finance from 28 October 2009 to 24 October 2017. Since then, he has presided the Bundestag.

[75] Y. Varoufakis, *Adults in the Room: my Battle with EuropeâEuros"s Deep Establishment*, The Bodley Head, London, 2017, Chapter 7, p. 211.

[76] Moreover it is very hard to believe that Varoufakis, Tsakalotos and the ruling circle around Tsipras seriously believed that their proposal would convince the European leaders.

[77] The countries belonging to the Eurozone cannot devalue their currency as they have adopted the euro. So the European authorities and their national governments apply what is known as internal devaluation. They impose pay cuts which greatly benefit the management of major private companies. Thus what they call internal devaluation is synonymous with pay cuts. This means is used to increase competitiveness but turns out to be ineffective in recovering economic growth, as austerity policies and repression of wages are practiced in all countries. On the other hand, from the employersâEuros" point of view, the Eurozone crisis which has worsened since 2010-2011 is to their advantage. The legal minimum salary has been considerably reduced in Greece, Ireland and other countries.

[78] Varoufakis adds: *âEurosoeAs these lines are being written, Michael Christoforakos continues to live freely in Germany, Stournaras continues as Governor of GreeceâEuros"s Central Bank, the Siemens scandal has still not resulted in a single politician facing charges, [âEuros¦]âEuros* Note that in 2012 Stournaras had put forward to the Greek Parliament an extra-judicial resolution to be signed by Siemens which would prevent any further prosecution. Let me add that trials relating to SiemensâEuros" actions have been underway in Greece since September 2017, with the prosecution of 18 of SiemensâEuros"s senior executives (including Christoforakos) in Greece and Germany, for the corruption of âEurosoeunidentifiedâEuros agents of the State. ChristoforakosâEuros"s diaries handed over by his former secretary show that he had repeated meetings with some of the main political figures of New Democracy and Pasok, to pay them âEurosoesoft commissions.âEuros

[79] See also the official act establishing the Truth Committee on Greek Public Debt, GrÃ¨ce : Acte officiel de crÃ©ation de la Commission de la VÃ©ritÃ© sur la Dette publique (in French only).

[80] Valavani took the initiative of elaborating a law which was the sole measure to combat the lethal effects of Memorandum austerity on the real economy, with the possibility of clearing the tax debts of individuals or companies in 100 payments. See GrÃ¨ce : TroisiÃ¨me mÃ©morandum - Le renversement dâEuros"un renversement (in French only).

[81] The Tsipras government also hoped to be able to count on the sum of â ¬11 billion which was the balance of the amount allocated for the recapitalization of banks and that Syriza wished to redirect towards the creation of a development bank and reinforcing the public sector. Excerpt from the Thessaloniki Programme: *âEurosoeRegarding the starting capital of the intermediary organization and the cost of establishing a public development bank as well as special-purpose banks, totalling â ¬3 billion, we will finance it from the so-called âEurosÜcomfort pillowâEuros" of around â ¬11 billion of the Hellenic Financial Stability Fund, intended for the banking system.âEuros* (see earlier

[82] Stathis Kouvelakis describes the feeling that a fundamental change was underway: *âEurosoeThe speech Tsipras gave on general policy in Parliament on 8 February was a moment of truth. It came after the symbolic breaks, just as the new government was entering office, with the civil oath and the placing of a wreath at Kaisariani on the memorial to the 200 Communist heroes of the Resistance executed by the Nazis on 1st May 1940. Let us not forget that those 200 executed Communists were the entire leadership of the party. This gesture marked the new government as part of a powerful historic strand, deeply embedded in the history of the popular movement and of the Communist left wing in Greece. In that moment of the speech on general policy, one felt that the break was once again truly within reach.âEuros* (Stathis Kouvelakis, *La GrÃ¨ce, Syriza et lâEuros"Europe nÃ©olibÃ©rale. Entretiens avec Alexis Cukier*, La Dispute, Paris, 2015 (in French), p. 17-18. Trans. CADTM). Of course, various other left-wing organizations did not fail to attack or severely criticize Tsipras: these were the KKE âEuros" the highly sectarian Communist Party of Greece âEuros" and non-parliamentary left-wing organizations such as members of Antarsya (the Front of the Greek Anticapitalist Left) and Anarchist groups that occupied SyrizaâEuros"s premises soon after the government had been constituted.

[83] Ã0ric Toussaint, âEurosoeHow to apply unpopular austerity policies. The OECD issues guidance to governmentsâEuros at How to apply unpopular austerity policies

[84] Indeed, there is no other possible interpretation, as extending the current Memorandum automatically implied that the partners would not change. Thus, for Berlin, insisting on the presence of the IMF could only mean a Third Memorandum to be signed at the end of the extension of the current one. Moreover this is what Berlin achieved in July 2015.

[85] Passage underlined by Varoufakis.

[86] Underlined by Eric Toussaint.

[87] The original text can be consulted at: http://www.consilium.europa.eu/en/press/press-releases/2015/02/150220-eurogroup-statement-greece/

[88] Stathis Kouvelakis, *La GrÃ¨ce, Syriza et lâEuros"Europe nÃ©olibÃ©rale. Entretiens avec Alexis Cukier,* La Dispute, Paris, 2015, p. 76-77. (In French; English trans. CADTM)

[89] Yanis Varoufakis, *Adults in the Room : my Battle with EuropeâEuros"s Deep Establishment*, London: The Bodley Head (Vintage), 2017, p.300.

[90] For the full text of this letter see: https://www.zerohedge.com/sites/default/files/images/user5/imageroot/2015/02/Greek%20letter%20varoufakis.pdf

[91] See also *Zero Hedge*, âEurosoeThe Reason Why The Eurogroup Rushed To Approve The Greek Reform Package?âEuros , published on 24 February 2015, https://www.zerohedge.com/news/2015-02-24/stunning-reason-why-eurogroup-rushed-approve-greek-reform-package

[92] Nadia Valavani, member of the left of Syriza and VaroufakisâEuros"s Alternate Minister, opposed the concessions made to the Troika regarding tax debts owed to the State by tax-payers. She was unwilling to modify, in the restrictive sense, her draft bill concerning the payment of tax arrears to the State, especially by removing the measures of partial debt-cancellation that she had initially proposed.

[93] Dora Antoniou, âEurosoeL'accord provoque des remous dans SyrizaâEuros , 25 February 2015. (trans. CADTM) http://www.kathimerini.gr/804911/article/epikairothta/politikh/h-symfwnia-prokalei-kradasmoys-ston-syriza Regarding Nadia ValavaniâEuros"s criticism and the toughening of the draft bill on payment of tax arrears, see: âEurosoeš¿ÍÁµ¼±Â» ÃÄ· ÁÍ¸¼¹Ã· ÄÉ½ 100 ´ÌÃµÉ½âEuros (Haircut of the draft bill on the 100 monthly payments), 25 February 2015, http://www.kathimerini.gr/804896/article/oikonomia/ellhnikh-oikonomia/koyrema-sth-ry8mish-twn-100-dosewn

[94] Note that Varoufakis, in his book, claims that the war cabinet had authorized him to notify the Troika of three points: that to any attempt to weaken the country through a liquidity crunch, the government would respond by refusing to honour debt payments due to the IMF; that at any sign that the Troika was trying to contain the government within the Memorandum and refusing debt restructuration, the latter would end negotiations; that at any threat of bank closures and capital control, the government would respond with a unilateral haircut of the Greek bonds held by the ECB since 2010-2012 and by setting up a system of parallel payments. The trouble is, these threats were never communicated to the Troika. Nor were they ever made public. Varoufakis admits as much. As for carrying them out, as will be seen further on, Tsipras and most of the Cabinet firmly opposed the idea and Varoufakis let it go until the final capitulation of July 2015. All this was discussed by a very small committee and neither the government nor the leadership of Syriza were ever informed. The Greek population were kept totally in the dark.

[95] The story about *âEurosoethe grumblings of some Syriza MPsâEuros* is the official version that was taken up by certain media (To Vima in particular, though not *Kathimerini*). All, however, noted that the atmosphere at the meeting had been âEurosoedramaticâEuros .

[96] An indicative vote by a show of hands had been held towards the end of the meeting, very late at night. At that point, there were about 120 MPs present and about 40 of them voted âEurosoenoâEuros or indicated a âEurosoeblankâEuros vote, which in Greece is tantamount to voting against. The six ministers concerned voted blank. A brief account of this meeting was published on 26 February 2015 on the Greek alternative press website, âEurosoeThePressProjectâEuros (https://www.thepressproject.gr/) in an article written by Vasiliki Siouti: *âEurosoeIt seems that the SYRIZA government is having a difficult time gaining support for the deal signed between Varoufakis and the Eurogroup.*

At a twelve hour-long meeting of the SYRIZA Parliamentary Group held on Wednesday 25th February, parliamentarians criticized the deal signed between the Greek government and the Eurogroup. The meeting culminated with an indicative vote for or against the deal. Panagiotis Lafazanis, the leader of the Left Platform and current minister for productive reconstruction and energy, requested that the votes be counted, but this was rejected. Nonetheless, with about thirty MPs having left the room when the vote took place, a third of the MPs present rejected the deal either with a âEurosÜnoâEuros" or a âEurosÜblankâEuros" vote.

All deputies of the Left Platform and several others âEuros" amongst them Zoe Konstantopoulou, the President of Parliament; Nina Kasimati and others âEuros" voted âEurosÜnoâEuros" or blank. Government ministers such as Panagiotis Lafazanis, Nikos Chountis, Dimitris Stratoulis, Kostas Isichos, Nadia Valavani and Thodoris Dritsas voted blank. Many of those deputies who voted blank expressed disapproval of VaroufakisâEuros"s manoeuvres.

Deputies took their positions based mainly on briefings from Varoufakis and prime minister Alexis Tsipras, since they have not received full documentation of what was agreed at the Eurogroup.âEuros

Published 28 February 2015 at: http://www.newleftproject.org/index.php/site/article_comments/syriza_mps_revolt_against_the_agreement

[97] For an assessment of the CADTMâEuros"s commitment to Greece, see Eric Toussaint, âEurosoeLâEuros"action du CADTM en solidaritÃ© avec le peuple grecâEuros (2009 âEuros" 2016) http://www.cadtm.org/L-action-du-CADTM-en-solidarite (in French only).

[98] In May 2006 the last large European Social Forum was held in Athens. Tens of thousands of activists came from all over Europe. Afterwards the ESF went into decline, for reasons unrelated to what was happening in Greece.

[99] In May-June 2012, TsÃ-pras put forward five concrete proposals for beginning negotiations with the parties opposed to the Troika (except Golden Dawn) : 1. Abolition of all anti-social measures (including the reductions of wages and retirement pensions). 2. Abolition of all measures that reduced workersâEuros" rights as regards protection and negotiation. 3. Immediate abolition of parliamentary immunity and reform of the election system. 4. An audit of the Greek banks. 5. **The creation of an international debt audit committee combined with suspension of repayment of the debt until the end of the committeeâEuros"s work**.

[100] See Eric Toussaint, âEurosoeGreece: an alternativeâEuros http://www.cadtm.org/Greece-an-alternative

[101] I explained how a citizensâEuros" audit developed in Greece in the third part http://www.cadtm.org/How-Tsipras-with-Varoufakis-s-aid. I also tried to explain how this initiative, that had started in 2011, significantly influenced SyrizaâEuros"s 2012 programme: the demand for a debt audit combined with suspension of payments and cancellation of illegitimate debt had met with wide-spread approval among the Greek population during the Occupy the Squares movement in June-July 2011.

[102] See âEurosoeAlexis Tsipras is right to call for an international conference on debtâEuros http://www.cadtm.org/Eric-Toussaint-Alexis-Tsipras-is, 27 October 2014.

[103] http://www.cadtm.org/Hands-off-Greece-fighting-back-and published 31 December 2014.

[104] http://www.cadtm.org/Syriza-le-feu-a-la-plaine-ou-le (in French).

[105] £Å½¬½Ä·Ã· šÉ½ÃÄ±½Ä¿À¿Í»¿Å ¼µ µ¹´¹ºÌ ÀµÁ¯ Ä·Â ´¹±³Á±Æ®Â ÇÁµÎ½ ºÁ±ÄÎ½ ¿»¹Ä¹º®| "µ½¹º¬œµ Ä¿½ Eric Toussaint ÃÅ½±½Ä®¸·ºµ · ÀÁÌµ´Á¿Â Ä·Â ²¿Å»®Â. Ÿ º. Toussaint -Çµ¹ ¼±ºÁ¬ µ¼Àµ¹Á¯± Ãµ ¶·Ä®¼±Ä± µÀ¿½µ¯´¹ÃÄ¿Å º±¹ À±Á¬½¿¼¿Å ÇÁ-¿ÅÂ.
Source

[106] At the London Conference, on 27 February 1953, the Federal Republic of Germany, with the consent of twenty-one of its creditors (including the USA, the UK, France, Italy, Switzerland, Belgium, and Greece), was granted a 62.6% reduction of its debt. See: Eric Toussaint, âEurosoeThe cancellation of German debt in 1953 versus the attitude to the Third World and Greece.âEuros

[107] **Excerpts from the Thessaloniki Programme**, presented by Alexis Tsipras on 13 September 2014 (https://www.syriza.gr/article/syriza---the-thessaloniki-programme.html)

[108] **Excerpt from the Thessaloniki Programme** (see the link above)

[109] Varoufakis was opposed to this measure, since he wanted to transfer the âEurosoeshares and managementâEuros of the Greek banks to the European creditors. As for the Tsipras government, it has not taken any action yet so that the Greek State can exercise its rights over the recapitalized banks. Moreover, the Hellenic Financial Stability Fund has been left in the hands of close associates of private bankers and the European leaders.

[110] **Excerpt from the Thessaloniki Programme** (see http://www.cadtm.org/The-Varoufakis-Tsipras-Line-was)

[111] See http://www.cadtm.org/Grece-Troisieme-memorandum-Le

[112] The significance of the agreement of 20 February and of VaroufakisâEuros"s actions was the subject of a discussion in 2016 on the blog of the French-language news site MÃ©diapart between Yanis Varoufakis, Alexis Cukier and Patrick Saurin:

- Yanis Varoufakis, âEurosoeLa Gauche EuropÃ©enne aprÃ¨s le BrexitâEuros https://blogs.mediapart.fr/edition/les-invites-de-mediapart/article/050916/la-gauche-europeenne-apres-le-brexit-par-yanis-varoufakis, 5 September

2016.

- Alexis Cukier, Patrick Saurin, âEurosoeDÃ©sobÃ©ir Ã lâEuros"Union europÃ©enne: questions Ã Yanis Varoufakis,âEuros http://www.cadtm.org/Desobeir-a-l-Union-europeenne, 22 September 2016.
- Alexis Cukier, Patrick Saurin, âEurosoeRÃ©ponse Ã l'analyse de Varoufakis sur le bilan du premier gouvernement SyrizaâEuros http://www.cadtm.org/Reponse-a-l-analyse-de-Varoufakis, 3 December 2016 (all in French).